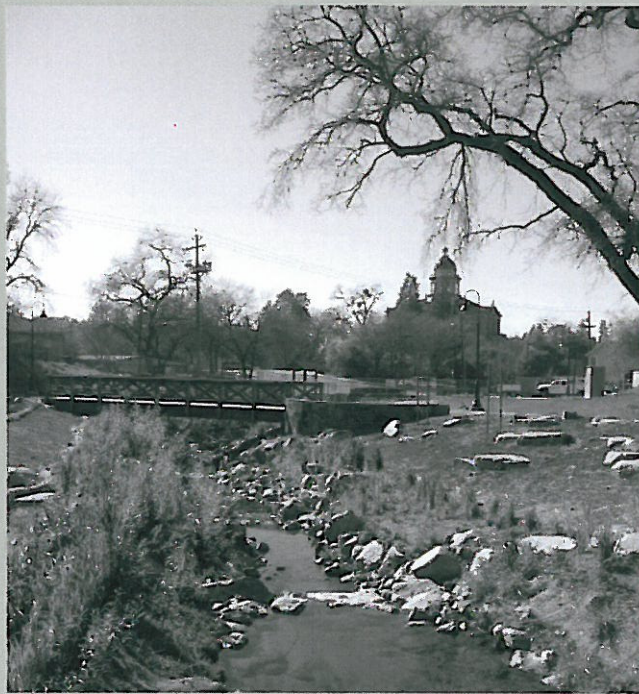


CITY OF
AUBURN
CALIFORNIA
2008



COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

Fiscal Year ended
June 30th, 2008

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2008

Introductory Section

CITY OF AUBURN

Comprehensive Annual Financial Report For the Year Ended June 30, 2008

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www.auburn.ca.gov

December 22, 2008

To the Honorable Mayor, City Council, and Citizens of the City of Auburn:

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF AUBURN

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Auburn for the fiscal year July 1, 2007 through June 30, 2008. Although addressed to the City's governing body and its citizens, the CAFR is intended to also provide relevant financial information to creditors, investors, and other interested parties. This transmittal letter provides a summary of City of Auburn finances, services, achievements, and economic prospects for readers without a technical background. Those wishing a more detailed discussion of the City's financial results should refer to Management's Discussion and Analysis (MD&A) contained in the Financial Section of the CAFR.

The City of Auburn's management is solely responsible for the accuracy of the information contained in this report, the adequacy of its disclosures, and the fairness of its presentation. We believe this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, the City has established a system of internal controls designed to protect City assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles.

The City has contracted with Bartig, Basler & Ray, LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for fiscal year 2007-2008 are fairly stated and in compliance with accounting principles generally accepted in the United States. This conclusion is the most favorable kind and is commonly known as an "unqualified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

"Endurance Capital of the World"

Transmittal Letter

REPORTING ENTITY

The City of Auburn is a general-law City incorporated under California law, first in 1860 and again on May 2, 1888. The City operates under a council-manager form of government. The City's five Council Members are elected at-large and serve overlapping four-year terms. Annually, the City's five Council Members elect the position of Mayor and Mayor Pro Tempore, who serve one-year terms in this capacity. All elections are conducted on a non-partisan basis. The City Manager is appointed by the Council and serves as the chief administrative officer of the organization. The City Manager is responsible for administration of City affairs, day-to-day operations, and implementation of Council policies. The City Manager also acts as Executive Director of the Auburn Urban Development Authority to administer redevelopment projects and programs.

The City provides a full range of municipal services, including police and fire protection, the construction and maintenance of streets and infrastructure, land use planning and zoning, building safety regulation and public inspection, and general administrative services. The City also operates the Auburn Municipal Airport and a wastewater treatment facility.

The City of Auburn covers approximately 7.5 square miles on the western slope of the Sierra Nevada Range and has a population of 13,273. At the crossroads of Interstate 80 and Highway 49, Auburn is the county seat of Placer County and an important retail trade center. The City of Auburn and surrounding Auburn areas have emerged as a destination point for those enjoying a variety of activities including Whitewater rafting, horseback riding, and hiking to the historic ambiance of the Old Town and Downtown areas providing unique shopping and dining experiences. In 2003, the Auburn City Council passed an official measure proclaiming Auburn as the Endurance Capital of the World. Auburn is home to some of the most challenging and historic endurance events on the planet, including the Auburn International Triathlon, the Tevis Cup Ride and the Western States 100.

This report includes all funds of the City, as well as all governmental organizations and the Auburn Urban Development Authority, of which the City Council has full financial accountability.

ECONOMIC CONDITION AND OUTLOOK

The City's local economy, and that of the Placer County region as whole, currently reflects the state of the broader national economy. Continued near-term economic growth in the City will be challenging due to a declining housing market and faltering financial sectors. Minimal growth is expected in fiscal year 2008-09 for the City's economically sensitive revenues including property-related taxes and sales taxes. The City's average unemployment rate for calendar year 2006 was 4.0 percent, which was lower than the Placer County average of 4.9 percent and the statewide average of 5.4 percent.

Transmittal Letter

Expected economic growth in both the City of Auburn and the region as a whole vastly impacts the City's ability to provide consistent levels of service expected by residents and business owners alike. As in the past, the City will work diligently to assure the superior delivery of existing programs and levels of service, while confronting the continued challenge of providing competitive salaries and benefits to its employees. To this end, the City will continue to evaluate citywide programs and services consistent with cost effectiveness and efficiency.

The City Council approved a balanced General Fund budget for Fiscal Year 2008-09. The resulting budget includes approximately \$9.3 million in capital spending, including continued allocations of funding for the City's Street Overlay Program, Sewer / Wastewater Treatment Facility Capital Improvement Program, development of the Auburn Airport East Hangar Area, and Phase I of the Streetscape Project.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

Highlights of activities and accomplishments for the fiscal year ended June 30, 2008 include the following:

Throughout Fiscal Year 2007-08, the City of Auburn continued to work in partnership with six non-profit community groups to restore the Cooper Open Air Amphitheater located in a heritage oak grove in the heart of the downtown area (Auburn School Park Preserve). Construction on the Park Project is essentially completed, with the final touches being made to gear up for the grand opening expected in early fiscal year 2008-09. Once open for use, the park will provide an adaptive reuse of a historical open air theater and natural heritage venue for area residents and tourists taking advantage of Auburn's historical significance.

Continuing the City's commitment towards resurfacing City-maintained streets on a twenty-year rotational basis, the City expended approximately \$425,000 towards the Annual Street Overlay Program during Fiscal Year 2007-08.

Application for and subsequent award of a \$500,000 grant from the California Department of Housing and Community Development for the City's Community Development Block Grant (CDBG) Business Assistance Loan Program.

Continued efforts to consider the economic and service-related merits of participating in a regional wastewater facility and/or upgrading the existing wastewater facility to comply with State Water Resource Control Board permit requirements.

Implementation of a Citywide reorganization in March 2008, effectively eliminating more than \$600,000 in ongoing General Fund expenditures while preserving existing levels of Citywide services provided.

Transmittal Letter

LONG-TERM FINANCIAL PLANNING AND INITIATIVES

Public Works:

Capital Improvement Plan: The budget adopted for Fiscal Year 2008-09 includes more than \$9.3 million appropriated for capital projects and outlay Citywide. Capital expenditures are expected to continue well into the future as the City strives to upgrade and maintain its aging infrastructure.

Waste Water Treatment Facility Upgrade: It is expected that the City will begin the process of bringing the existing wastewater treatment program in compliance with federal and state regulatory permit requirements by upgrading the existing City-owned wastewater facility and/or participating in a regional wastewater treatment effort.

Streetscape Project: The Auburn Urban Development Authority expects to issue Tax Allocation Bonds to support the initial phases of the Streetscape Project, an effort designed to aesthetically improve the corridor between the City's downtown and Old Town business districts. The budget adopted for Fiscal Year 2008-09 allocates \$2.8 million of the \$4.3 million anticipated receipt of bond receipts towards the first phase of the Streetscape Project.

Community Development:

General Plan Update – Housing: The budget adopted for Fiscal Year 2008-09 appropriates \$50,000 towards the continued update of the City's General Plan.

Citywide /Administrative Services:

Pay for Performance Program: The Administrative Services Department anticipates implementing a comprehensive, multi-tiered, Pay for Performance Program.

FINANCIAL INFORMATION

The City's management staff is responsible for establishing and maintaining internal controls that safeguard the assets of the government from loss, theft, or misuse and allow the compilation of adequate accounting data for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed its likely benefits and that the evaluation of costs and benefits is subject to management estimates and judgments.

Transmittal Letter

Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the majority of the funds are included in the annual appropriated budget. Expenditure activities for certain funds are not considered during the annual budget process due to their reliance on revenues received. Budgetary control within each department is monitored at the major object level (employee salaries and benefits, services and supplies, other charges and capital assets). The level of budgetary control, at which expenditures in budgeted funds cannot legally exceed the budgeted amount, is at the departmental level. This means that the expenditures cannot legally exceed the amount appropriated by the City Council. If necessary, staff recommends budgetary changes each calendar quarter as part of the quarterly financial status report to the City Council.

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

Cash Management

Temporarily idle cash was invested in accordance with the California Government Code Section 53600 (et seq.) and the City's Investment Policy. During the fiscal year ended June 30, 2008, the City invested in demand deposits (checking accounts), commercial paper, medium-term corporate notes, U.S government securities, certificates of deposit, Local Agency Investment Fund (the State external investment pool), and the Placer County external investment pool. The City earned interest revenues of \$446,980 with an average yield of 3.87% on all investments for the fiscal year ended June 30, 2008.

AWARD AND ACKNOWLEDGEMENTS

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City of Auburn for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This award, the second such award for the City, recognizes the City's conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

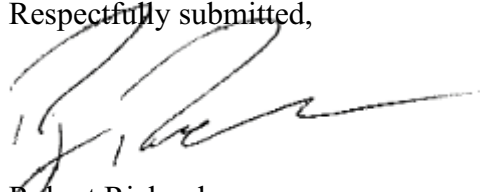
Transmittal Letter

The preparation of this CAFR represents the culmination of a concerted team effort by the entire staff of the Administrative Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In addition, staff in all City departments should be recognized for their timely and positive response to the requests for detailed information necessary to prepare the annual audit. The role of Bartig, Basler & Ray LLP Certified Public Accountants should also be acknowledged as a significant contribution.

Finally, we wish to express our sincere appreciation to the Mayor and City Council for providing policy direction and a firm foundation of support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Robert Richardson
City Manager



Andy Heath
Director of Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Auburn
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



City of Auburn Mayor & City Council
To Contact Council Members by mail, send to:
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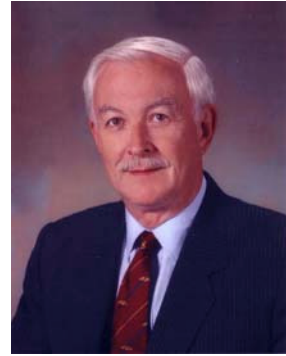
2008



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City of Auburn Comprehensive Annual Financial Report

2008

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Bernie Schroeder, Engineering Division Manager -
Public Works Department

George Williams, City Treasurer



Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2008

Financial Section



BARTIG, BASLER & RAY, LLP
A GALLINA LLP COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

City Council
City of Auburn
Auburn, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, California (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Auburn, California. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 24, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City Council
City of Auburn, California

The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

Roseville, CA
December 24, 2008

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

Management's Discussion and Analysis

This section of the City of Auburn's (City) Comprehensive Annual Financial Report presents a discussion of the City's financial performance during the year ended June 30, 2008. Please read it in conjunction with the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2007-2008 fiscal year by \$42,846,456 (*net assets*). Of this amount, \$7,949,616 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, and \$3,653,807 is restricted for capital projects, debt service and legally segregated taxes, grants and fees.
- As of June 30, 2008, the City governmental funds reported combined fund balances of \$8,888,861. Approximately 83% of the combined fund balances, \$7,368,177 is available to meet the City's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved, designated for economic uncertainty fund balance for the General Fund was \$2,250,000, or 22% of total General Fund expenditures.
- The City's investment in capital assets, net of related debt, increased by \$755,811 compared to the prior year. The increase occurred as a result of undertaking capital projects including the Airport East Hanger and Waterline Projects, the North McDaniel Sewer Project, the Corporation Yard Slow Fill CNG Station, the Streetscape Design Process, and the Auburn School Park Preserve.
- The City expended more than \$425,000 towards the Annual Street Overlay Program during Fiscal Year 2007-08.
- The City expanded its ability to provide business assistance loans through its Community Development Block Grant Program by winning a grant award of \$500,000 from the State Department of Housing and Community Development.
- The City's General Fund balance of \$4,129,182 as of June 30, 2008 was \$649,832 lower than that reported for the 2006-07 fiscal year, reflecting recognition of \$209,813 in deferred revenue for sales taxes earned but not available (received more than 60 days after the close of the fiscal year). On a budgetary basis, General Fund balance was \$440,019 lower than that reported for the 2006-07 fiscal year.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to the Basic Financial Statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all City assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, (e.g. uncollected taxes and earned but unused annual vacation and sick leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, transportation, community development and recreation. The business-type activities of the City include an airport and wastewater treatment operating facility. The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Auburn Urban Development (redevelopment) Authority.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like any other state and local government, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements. The City considers revenue to be available if they are collected within 60 days after the fiscal year end.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Small Business Loans Fund, and Transit Fund, which are considered to be major funds. The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects funds). Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the report.

The governmental funds financial statements can be found on pages 23-26 of this report.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal units of departments within the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for the Auburn Airport and the Wastewater Treatment Facility.

The proprietary funds financial statements can be found on pages 27-30 of this report.

Fiduciary funds are used to account for resources held for the benefit of the City's employees and parties outside the government. The City's private purpose trust and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements can be found on pages 31-32 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 33-61 of this report.

Required Supplementary Information is presented for the City's General Fund and major special revenue funds consisting of budgetary comparison schedules. The City adopts an annual appropriated budget to demonstrate compliance with this budget.

The required supplemental information can be found on pages 63-68 of this report.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

The combining and individual fund statements and schedules for non-major governmental funds and proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69-105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net assets and changes in net assets of the City as a whole.

Table 1
Net Assets
June 30,

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other assets	\$ 15,767,478	\$ 15,587,825	\$ 5,270,970	\$ 4,380,139	\$ 21,038,448	\$ 19,967,964
Capital assets	15,313,700	14,327,791	20,649,027	20,844,214	35,962,727	35,172,005
Total assets	31,081,178	29,915,616	25,919,997	25,224,353	57,001,175	55,139,969
Liabilities:						
Current and other liabilities	2,015,250	2,862,747	176,242	140,896	2,191,492	3,003,643
Long-term liabilities	7,615,728	6,677,251	4,347,499	4,726,955	11,963,227	11,404,206
Total liabilities	9,630,978	9,539,998	4,523,741	4,867,851	14,154,719	14,407,849
Net Assets:						
Invested in capital, net of related debt	14,935,931	13,711,814	16,307,102	16,775,408	31,243,033	30,487,222
Restricted net assets	3,653,807	4,662,291	-	13,250	3,653,807	4,675,541
Unrestricted net assets	2,860,462	2,001,513	5,089,154	3,567,844	7,949,616	5,569,357
Total net assets	\$ 21,450,200	\$ 20,375,618	\$ 21,396,256	\$ 20,356,502	\$ 42,846,456	\$ 40,732,120

Governmental Activities

The City's governmental net assets amounted to \$21.45 million as of June 30, 2008, an increase of approximately \$1,075,000 over the fiscal year ended 2007. This increase is the change in net assets reflected in the Governmental Activities column of the Changes in Net Assets shown in Table 2. The City's net assets from governmental activities as of June 30, 2008, comprised the following:

- Cash and investments comprised \$7.24 million in the City treasury, \$1.17 million of which is restricted in use. Substantially all of these amounts were held in short to medium term investments in governmental securities and corporate notes, as detailed in Note 2 to the financial statements.
- Current accounts, taxes and interest receivable comprised \$1.56 million.
- Loans receivable comprised approximately \$588,000, all of which represents loans provided by the City's Community Development Block Grant (CDBG) Revolving Loan Program.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

- Prepaid expenses comprised \$1.12 million, all of which has been prepaid for expenses related to the Auburn School Park Preserve Project and is expected to be recovered via various grants and donations as the work is completed.
- A net pension asset resulting from the issuance of pension obligation bonds comprised \$4.71 million.
- Capital assets of \$15.31 million, net of depreciation charges, which does not include all of the City's infrastructure, but does include all other City assets.
- Current liabilities, including accounts and interest payable, deposits and unearned revenues, comprised \$2.02 million.
- Long-term liabilities, including a \$1.19 million landfill post-closure cost, comprised \$7.62 million.
- Net assets invested in capital assets net of related debt of \$14.94 million, representing the City's investment in infrastructure and other capital assets used in Governmental activities, net of amounts borrowed to finance that investment.
- Restricted assets totaling \$3.65 million, which may be used only to construct specified capital projects, debt service, or for community development and transportation projects and public safety programs.
- Unrestricted net assets are part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$2.86 million of unrestricted net assets as of June 30, 2008. While these assets are technically unrestricted, most of these assets are designated for a specific use.

Business-Type Activities

The City's business-type net assets amounted to \$21.40 million as of June 30, 2008, increasing by approximately \$1.04 million since the fiscal year ended 2007. The increase in the change in net assets experienced in the business-type funds occurred primarily as a result of making debt service payments for both the Airport and Sewer operations offset by increases in Sewer Fund reserves for future capital projects (Wastewater Treatment Facility Regionalization and/or Plant Upgrade). The City's net assets from Business-type activities as of June 30, 2008, comprised the following:

- Cash and investments comprised \$4.51 million in the City treasury, \$93,000 of which is restricted in use.
- Current accounts, taxes and interest receivable comprised \$195,000.
- Deferred interest costs in the City's Sewer Fund of \$575,000.
- Capital assets of \$20.65 million, net of depreciation charges.
- Current liabilities, including accounts and interest payable, deposits and unearned revenues, comprised \$176,000.
- Long-term liabilities comprised \$4.35 million.
- Net assets invested in capital assets net of related debt of \$16.31 million, representing the City's investment in infrastructure and other capital assets used in Business-type activities, net of amounts borrowed to finance that investment.
- Unrestricted net assets of \$5.09 million.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

The following table indicates the changes in net assets:

Table 2
Changes in Net Assets
For the Year Ended June 30,

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program Revenues:						
Fees, fines and charges for services	\$ 1,558,720	\$ 1,189,020	\$ 4,942,659	\$ 2,876,321	\$ 6,501,379	\$ 4,065,341
Operating grants and contributions	1,557,120	2,543,309	26,775	49,500	1,583,895	2,592,809
Capital grants and contributions	1,313,832	1,284,923	34,824	1,063,925	1,348,656	2,348,848
Total program revenues	4,429,672	5,017,252	5,004,258	3,989,746	9,433,930	9,006,998
General Revenues:						--
Property taxes	4,195,552	4,085,695	33,802	32,634	4,229,354	4,118,329
Sales and use taxes	2,889,326	3,005,226	--	--	2,889,326	3,005,226
Other taxes	1,429,390	1,693,896	--	--	1,429,390	1,693,896
Franchise fees	644,702	648,170	--	--	644,702	648,170
Rents	--	312,911	--	459,851	--	772,762
Unrestricted interest and investment earnings	264,154	379,293	178,653	241,562	442,807	620,855
Miscellaneous	84,244	102,009	--	--	84,244	102,009
Total general revenues	9,507,368	10,227,200	212,455	734,047	9,719,823	10,961,247
Total revenues	13,937,040	15,244,452	5,216,713	4,723,793	19,153,753	19,968,245
Program expenses:						
General government	2,067,619	2,325,979	--	--	2,067,619	2,325,979
Public safety	5,866,706	5,916,568	--	--	5,866,706	5,916,568
Transportation	3,165,262	4,343,717	--	--	3,165,262	4,343,717
Community development	1,443,691	1,748,798	--	--	1,443,691	1,748,798
Recreation and culture	17,586	20,654	--	--	17,586	20,654
Interest on long-term debt	301,594	575,295	--	--	301,594	575,295
Airport	--	--	615,186	740,501	615,186	740,501
Sewer	--	--	3,561,773	3,132,068	3,561,773	3,132,068
Total expenses	12,862,458	14,931,011	4,176,959	3,872,569	17,039,417	18,803,580
Excess (deficiency) before transfers	1,074,582	313,441	1,039,754	851,224	2,114,336	1,164,665
Transfers	--	2,214	--	(2,214)	--	--
Change in net assets	1,074,582	315,655	1,039,754	849,010	2,114,336	1,164,665
Net assets at beginning year	20,375,618	20,059,963	20,356,502	19,507,492	40,732,120	39,567,455
Net assets at end of year	\$ 21,450,200	\$ 20,375,618	\$ 21,396,256	\$ 20,356,502	\$ 42,846,456	\$ 40,732,120

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

Governmental Activities

As Table 2 above shows, \$4.43 million, or 31.8% of the City's fiscal year 2007-08 revenue derived from the program revenues, while \$9.51 million, or 68.2%, derived from general revenues such as taxes, rents, and interest.

Program revenues are composed of fees, fines and charges for service of \$1.56 million that include permit revenues, fees and charges used to fund expenses incurred in providing services; and \$1.56 million of operating grants and contributions which include gas tax, transportation development allocations and public safety allocations and grants. Program revenues also include \$1.31 million in capital grants and contributions which include grants received by the City for capital infrastructure improvement.

General revenues are not allocable to programs, but are used to pay for the net costs of governmental programs.

Business-type Activities

Business-type activities net assets combined to increase by \$1.04 million during Fiscal Year 2007-08. The majority of the increase in net assets can be attributed to increased reserves in the Sewer Fund as a result of a sewer use fee increase implemented at the beginning of the fiscal year. Increases in reserves are being held to offset future capital costs related to the upgrade / regionalization of the Wastewater Treatment Facility.

Net assets in the City's Airport Fund were relatively unchanged during Fiscal Year 2007-08. Very little capital activity took place during Fiscal Year 2007-08, as the majority of the initial phase of the Airport East Hangar Project was completed during Fiscal Year 2006-07. Program revenues derived for the Airport essentially offset the costs to operate the Airport on a daily basis.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following table presents the amount of revenue from various sources:

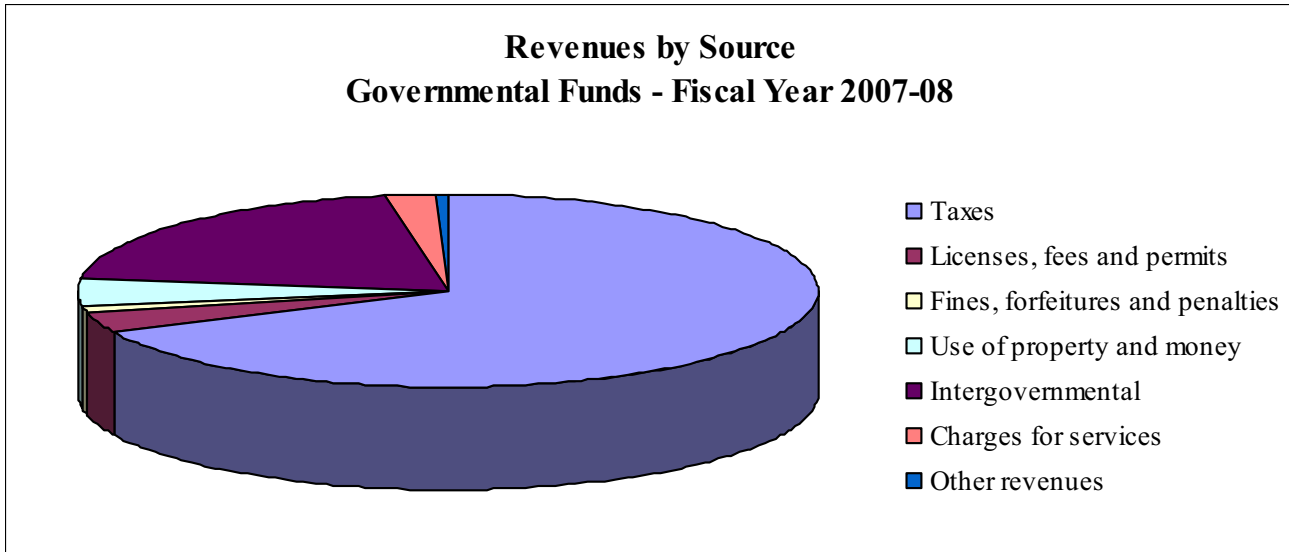
Table 3
Revenues Classified by Source
Governmental Funds
For the Fiscal Years Ended June 30,

Revenues by Source	2008	2007	% Change
Taxes (1)	\$ 8,949,157	\$ 9,432,987	-5.1%
Licenses, fees and permits (2)	494,863	775,940	-36.2%
Fines, forfeitures and penalties	136,518	144,568	-5.6%
Use of money and property (3)	602,385	692,204	-13.0%
Intergovernmental (4)	3,095,930	3,828,232	-19.1%
Charges for services	277,297	268,512	3.3%
Other revenues (5)	84,244	102,009	-17.4%
Total Revenues	\$ 13,640,394	\$ 15,244,452	-10.5%

- (1) Decreased due to lower collections of sales taxes related to the Triple-Flip true-up and a deferral of sales taxes receivable considered not available for use at the close of the fiscal year.
- (2) Decreased primarily as a result of a slowdown in citywide development activity leading to fewer building permits being pulled and development impact fees being paid.
- (3) Use of money and property decreased as a result of lower reinvestment yields for maturing City investments stemming from the reduction in interest rates nationwide.
- (4) Intergovernmental revenues decreased due to receipt of one-time transportation and traffic safety grants in fiscal year 2006-07 and deferral of gas tax receivable not available for use at the close of fiscal year 2007-08.
- (5) Other revenues decreased during the 2007-08 fiscal year as one-time revenues were received in fiscal year 2006-07 for sales of surplus property and a transfer fee related to the City's cable franchise.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008



The following table presents expenditures by function:

Table 4
Expenditures by Function
Governmental Funds
For the Fiscal Years Ended June 30,

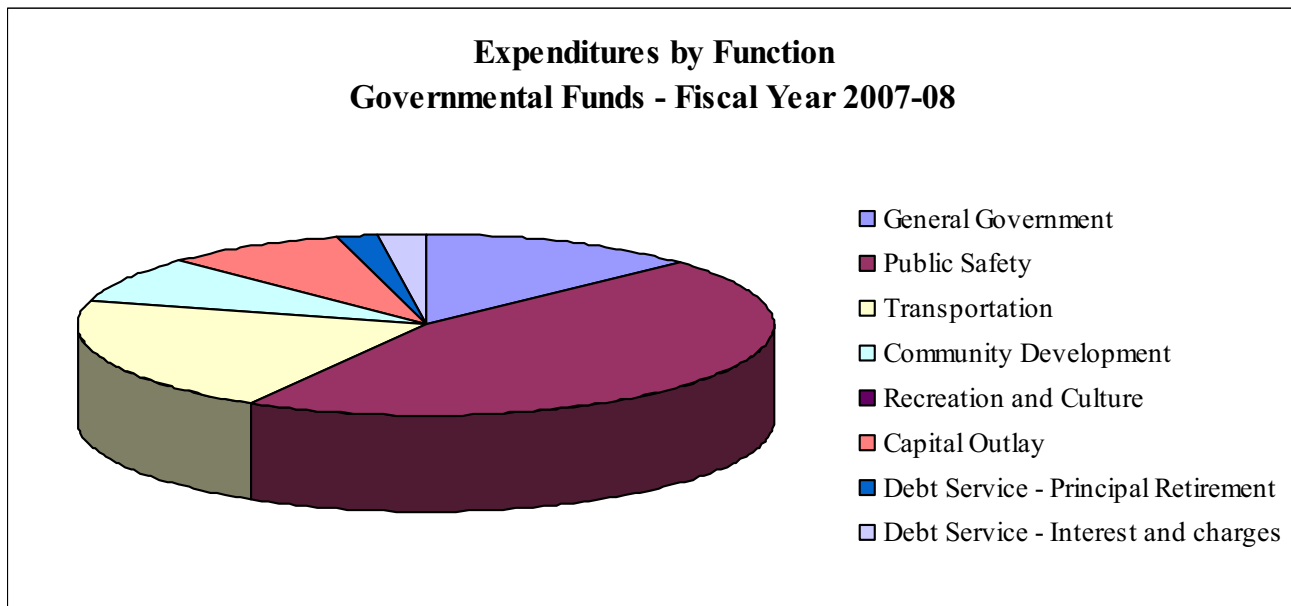
Expenditures by Function	2008	2007	% Change
General government	\$ 1,777,811	\$ 2,224,760	-20.1%
Public safety	5,612,110	5,742,513	-2.3%
Transportation	3,072,594	4,368,426	-29.7%
Community development	1,432,675	1,737,253	-17.5%
Recreation and culture	17,586	20,654	-14.9%
Capital outlay	1,689,495	1,802,529	-6.3%
Debt service – Principal retirement	274,158	314,909	-12.9%
Debt service – Interest and charges	308,876	313,170	1.4%
Total Expenditures	\$ 14,185,305	\$ 16,524,214	-14.2%

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

The \$2.3 million net decrease in governmental fund expenditures during the 2007-08 fiscal year can be primarily attributed to the following:

- Elimination of a Fiscal Year 2006-07 additional one-time, \$369,370 worker's compensation and general liability insurance expenditures as a result of increased actuarially anticipated costs to settle claims;
- Reduction in transportation-related capital expenditures during fiscal year 2007-08 due to lower expenditures for the annual street overlay project (\$425,000 versus \$1.65 million in fiscal year 2006-07) and elimination of one-time projects completed during the previous fiscal year (Agard/High/Oakwood Signal);
- Reduction in community development-related capital expenditures during fiscal year 2007-08 as the majority of expenditures associated with the Auburn School Park Preserve Project were recognized during fiscal year 2006-07; and
- Ongoing annual debt service of approximately \$335,000 related to the CalPERS Pension Bonds.



The **General Fund** is the main operating fund of the City, and accounts for general operations including public safety, community development, and administration. At June 30, 2008, unreserved fund balance of the General Fund was \$2.61 million, while fund balance totaled \$4.13 million. Total fund balance decreased by approximately \$650,000 when compared to last year, primarily as a result of using \$440,000 in reserves to balance the excess of expenditures over revenues; and the deferral of slightly less than \$210,000 in sales tax revenues earned but not available as resources at the end of fiscal year 2007-08. To mitigate the impact of having to use reserves in future years as a means to balance the

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

budget, a citywide reorganization was implemented in March 2008, effectively reducing ongoing annual costs in the General Fund by approximately \$650,000.

As measures of the General Fund's ability to meet operating expenditures, it is useful to note that unreserved fund balance represents 25.5% of total General Fund expenditures, while total fund balance represents 40.3% of the same amount.

The **Small Business Loan (Community Development Block Grant) Fund** accounts for monies received from the State and loaned by the City to encourage small business and employment growth. Funds, when repaid, are provided to new businesses qualifying for participation in the program. The \$117,000 reduction in fund balance available can be attributed to the City providing a \$100,000 small business loans to a local qualifying business.

The **Transportation Fund** uses financing from a number of sources, including State and Federal program, to build and maintain the street transportation and storm drain network. The Transportation Fund receives revenues through the Transportation Development Act Tax (TDA) and State Transit Assistance (STA) programs. Expenditures in the Transportation Fund during fiscal year 2007-08 decreased by approximately \$550,000 when compared to the previous year, primarily as a result of less funding being allocated towards the annual street overlay program.

Enterprise Funds. The City has two Enterprise funds – the Airport Fund and the Sewer Fund. The City's Enterprise funds generally account for services charged to external or internal customers through fees.

The following table presents the amount of revenue from various sources:

Table 5
Revenues Classified by Source
Enterprise Funds
For the Fiscal Years Ended June 30,

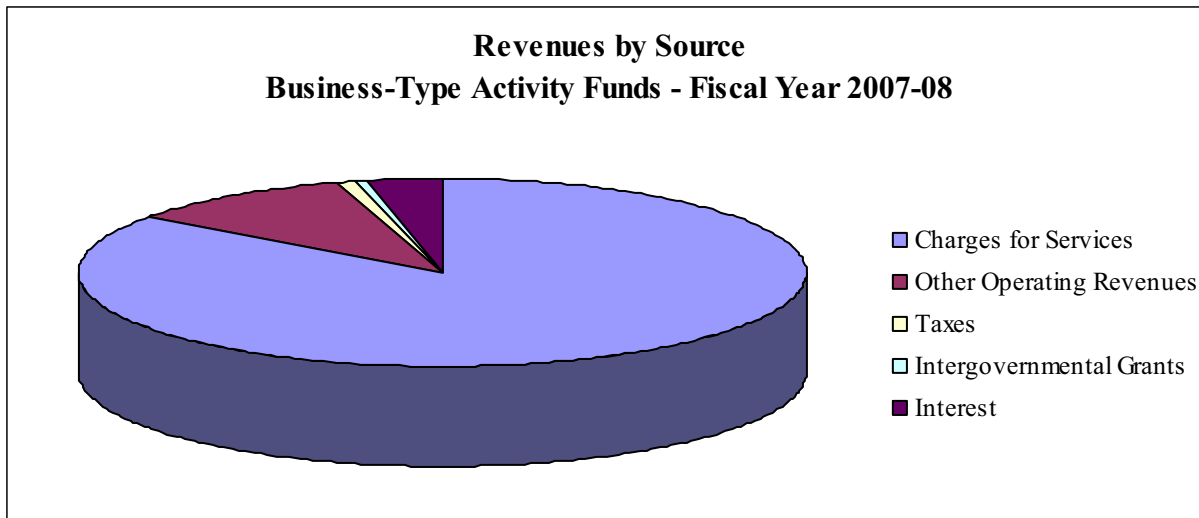
Revenues by Source	2008	2007	% Change
Operating Revenues			
Charges for Services	\$ 4,399,184	\$ 2,854,076	54.1%
Other Operating Revenues	543,475	482,096	12.7%
Non-Operating Revenues			
Taxes	33,802	32,634	3.6%
Intergovernmental Grants	26,775	49,500	-45.9%
Interest	178,653	241,562	-26.0%
Total Revenues	\$ 5,181,889	\$ 3,659,868	41.6%

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

The \$1.52 million net increase in business-type activities total revenues can be attributed to:

- An increase in rents collected at the Airport as a result of renegotiated leases and collections of past due amounts; and
- A Sewer Use Fee increase effective at the beginning of fiscal year 2007-08, effectively raising the rate per Equivalent Dwelling Unit (EDU) by 50% from \$35.00 per month to \$52.50 per month. The fee increase was implemented as a result of increasing operating and capital costs within the sewer treatment program, and to fund plant upgrades and/or regionalization costs required by federal and state regulatory permits.



The following table presents expenses for the City's Enterprise funds:

Table 6
Expenses by Type
Enterprise Funds
For the Fiscal Years Ended June 30,

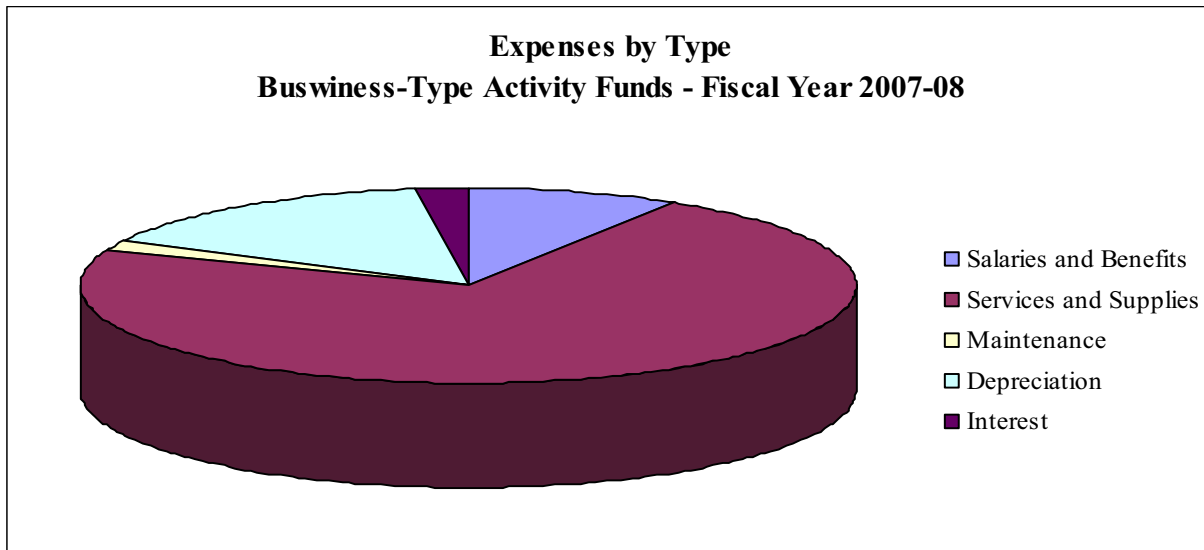
Expenses by Type	2008	2007	% Change
Operating Expenses			
Salaries and benefits	\$ 367,537	\$ 236,476	55.4%
Services and supplies	3,007,712	2,778,803	8.2%
Maintenance	65,793	122,193	-46.1%
Depreciation	644,899	642,549	0.3%
Non-Operating Expenses			
Interest	91,018	92,548	-1.6%
Total Expenses	\$ 4,176,959	\$ 3,872,569	7.9%

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

The \$304,000 net increase in business-type activity fund expenses during the 2007-08 fiscal year can be primarily attributed to the following:

- An increase in salaries for the City's Sewer Fund's Wastewater Treatment program as a result of filling a previously vacant position; and
- An increase in the third-party contract expense to operate the Sewer Fund's Wastewater Treatment Facility.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Table 7
Capital Assets at End of Fiscal Year

	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
Land	\$ 350,000	\$ 350,000	\$ 2,874,395	\$ 2,874,395
Infrastructure	4,524,425	3,815,191	18,517,240	17,983,798
Buildings and improvements	5,230,205	5,230,205	--	--
Equipment	4,815,188	4,770,095	1,424,146	1,417,836
Construction in progress	5,939,394	5,044,628	4,237,773	4,327,813
Accumulated depreciation	(5,545,512)	(4,882,328)	(6,404,527)	(5,759,628)
Total	\$ 15,313,700	\$ 14,327,791	\$ 20,649,027	\$ 20,844,214

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

The City's investment in capital assets for its governmental type activities as of June 30, 2008 totaled approximately \$15.3 million (net of accumulated depreciation). The City's investment in capital assets for its business-type activities as of June 30, 2008 totaled approximately \$20.6 million (net of accumulated depreciation). The investment in capital assets includes land, infrastructure, buildings and improvements, equipment and construction in progress.

Major capital asset events during the fiscal year ended June 30, 2008 include:

- East Hanger Project at the Auburn Airport
- North McDaniel Sewer Project
- Wastewater Treatment Facility Upgrade Design and Review
- Corporation Yard Remodel
- Corporation Yard Slow Fill CNG Station
- Streetscape Project – Phase I Design and Review
- East Lincoln Way and Maidu Sidewalk Improvements

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

Debt Administration

The following schedule shows the changes in long-term debt for the fiscal year ended June 30, 2008.

Table 8
Long-Term Debt

	<u>Balance</u> <u>July 1, 2007</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities				
General obligation bonds	\$ 290,000	\$ --	\$ (140,000)	\$ 150,000
Pension obligation bonds	4,900,000	--	(55,000)	4,845,000
Notes payable	56,931	--	(11,977)	44,954
Due to other agencies	58,815	--	(25,303)	33,512
Capital leases	269,046	--	(86,231)	182,815
Compensated absences	1,102,459	730,789	(666,526)	1,166,722
Landfill closure costs	1,394,163	--	(201,438)	1,192,725
Total Governmental Activity	<u>\$ 8,071,414</u>	<u>\$ 730,789</u>	<u>\$ (1,186,475)</u>	<u>\$ 7,615,728</u>

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

	Balance July 1, 2007	Incurred	Retired	Balance June 30, 2008
Business-Type Activities				
Notes payable	\$ 4,691,134	\$ --	\$ (349,209)	\$ 4,341,925
Compensated absences	35,821	18,447	(48,694)	5,574
Total Business-type Activity	\$ 4,726,955	\$ 18,447	\$ (397,903)	\$ 4,347,499

The City's total debt decreased by approximately \$835,000, primarily as a result of retiring recurring debt related to general and pension obligation bonds and capital leases; and reduction of future costs associated with the closure of a City landfill.

Additional information on the City's long-term debt is presented in Note 5 to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is customarily presented to and adopted by the City Council prior to the beginning of the each fiscal year that begins July 1 and ends on June 30. The City Council approved the budget in June 2007. Subsequent to the adoption of the annual budget, the budget is reviewed at the end of each fiscal quarter, and necessary budget adjustments are recommended for approval by the City Council. Budget adjustments were considered and approved by the City Council at mid-year and again to close out the fiscal year.

As a result of the mid-year and year-end budget recommendations approved by the City Council, the general fund total revenue budget decreased by approximately \$665,000, while the general fund expenditure budget increased by approximately \$480,000. Final General Fund appropriations exceeded revenues by approximately \$440,000 on a budgetary basis. The originally adopted General Fund budget for fiscal year 2007-08 funded an estimated \$250,000 excess of appropriations over revenues with unreserved fund balance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Unlike the budget developed for fiscal year 2007-08, which required the use of reserves, the proposed budget for fiscal year 2008-09 forecasts a balanced budget for the City's main operating fund – the General Fund. To mitigate the use of reserves in future budgets, a citywide reorganization was approved in March 2008, effectively eliminating more than \$600,000 in ongoing General Fund expenditures while preserving existing levels of services provided. This reduction in expenditures, coupled with rising personnel and labor costs and designated one-time revenues, enabled staff to prepare a balanced budget for the General Fund.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2008

Revenue growth rates for sales tax, property tax and development-related fees experienced in prior years are not expected to continue in the wake of the continued tightening credit markets and a downturn in the overall housing markets. To prevent further earmarking of fund balance which may be required to balance future budgets, the City is expected to continue reviewing citywide programs consistent with cost effectiveness and efficiency.

All of the above information was considered in preparing the City's budget for Fiscal Year 2008-09.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances, and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Auburn
Office of the Administrative Services Director
1225 Lincoln Way, Room 1
Auburn, CA 95603
(530) 823-4211 extension 110

Or, you may visit the City's website at www.auburn.ca.us for contact information.

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2008

Basic Financial Statements
Government-Wide Financial Statements

CITY OF AUBURN

Statement of Net Assets June 30, 2008

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Totals
Assets			
Cash and investments	\$ 6,072,059	\$ 4,419,020	\$ 10,491,079
Restricted cash and investments	1,165,628	92,960	1,258,588
Insurance deposits	396,476	--	396,476
Accounts receivable	213,348	195,257	408,605
Taxes receivable	1,080,146	--	1,080,146
Due from other agencies	271,102	--	271,102
Loans receivable	587,589	--	587,589
Prepaid items	1,123,958	12,605	1,136,563
Internal balances	24,160	(24,160)	--
Deferred costs	119,160	575,288	694,448
Net pension asset	4,713,852	--	4,713,852
Capital assets:			
Nondepreciable	6,289,394	7,112,168	13,401,562
Depreciable, net	9,024,306	13,536,859	22,561,165
Total assets	<u>\$ 31,081,178</u>	<u>\$ 25,919,997</u>	<u>\$ 57,001,175</u>
Liabilities			
Accounts payable	\$ 532,594	\$ 61,393	\$ 593,987
Deposits	132,138	92,960	225,098
Interest payable	266,291	21,889	288,180
Unearned revenue	1,084,227	--	1,084,227
Closure/post closure liability			
Due within one year	176,700	--	176,700
Due in more than one year	1,016,025	--	1,016,025
Long-term liabilities			
Due within one year	586,800	358,012	944,812
Due in more than one year	5,836,203	3,989,487	9,825,690
Total liabilities	<u>9,630,978</u>	<u>4,523,741</u>	<u>14,154,719</u>
Net Assets			
Invested in capital assets, net of related debt	14,935,931	16,307,102	31,243,033
Restricted for:			
Public safety	303,966	--	303,966
Transportation projects	135,003	--	135,003
Community resources & facilities	1,672,765	--	1,672,765
Capital projects	1,330,653	--	1,330,653
Debt service	211,420	--	211,420
Unrestricted	2,860,462	5,089,154	7,949,616
Total net assets	<u>21,450,200</u>	<u>21,396,256</u>	<u>42,846,456</u>
Total liabilities and net assets	<u>\$ 31,081,178</u>	<u>\$ 25,919,997</u>	<u>\$ 57,001,175</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Activities For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 2,067,619	\$ 797,693	\$ 60,552	\$ 25,000
Public safety	5,866,706	279,340	--	--
Transportation	3,165,262	137,199	1,245,307	860,332
Community development	1,443,691	325,663	251,261	--
Recreation and culture	17,586	18,825	--	428,500
Interest on long-term debt	301,594	--	--	--
Total governmental activities	<u>12,862,458</u>	<u>1,558,720</u>	<u>1,557,120</u>	<u>1,313,832</u>
Business-Type Activities:				
Auburn Municipal Airport	615,186	556,139	26,775	34,824
Wastewater Treatment	3,561,773	4,386,520	--	--
Total business-type activities	<u>4,176,959</u>	<u>4,942,659</u>	<u>26,775</u>	<u>34,824</u>
Total primary government	<u>\$ 17,039,417</u>	<u>\$ 6,501,379</u>	<u>\$ 1,583,895</u>	<u>\$ 1,348,656</u>
General Revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
In-lieu sales taxes				
Franchise taxes				
Other				
Unrestricted interest and investment earnings				
Miscellaneous revenues				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,184,374)	\$ --	\$ (1,184,374)
(5,587,366)	--	(5,587,366)
(922,424)	--	(922,424)
(866,767)	--	(866,767)
429,739	--	429,739
(301,594)	--	(301,594)
<u>(8,432,786)</u>	<u>--</u>	<u>(8,432,786)</u>
--	2,552	2,552
--	824,747	824,747
<u>--</u>	<u>827,299</u>	<u>827,299</u>
<u>(8,432,786)</u>	<u>827,299</u>	<u>(7,605,487)</u>
4,195,552	33,802	4,229,354
2,889,326	--	2,889,326
1,141,045	--	1,141,045
644,702	--	644,702
288,345	--	288,345
264,154	178,653	442,807
84,244	--	84,244
<u>9,507,368</u>	<u>212,455</u>	<u>9,719,823</u>
1,074,582	1,039,754	2,114,336
20,375,618	20,356,502	40,732,120
<u>\$ 21,450,200</u>	<u>\$ 21,396,256</u>	<u>\$ 42,846,456</u>

The accompanying notes are an integral part of these financial statements.

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Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2008

Basic Financial Statements
Fund Financial Statements

CITY OF AUBURN

Balance Sheet Governmental Funds June 30, 2008

	General Fund	Small Business Loans	Transportation	Other Governmental Funds	Total
ASSETS					
Cash and investments	\$ 1,979,586	\$ 73,074	\$ 479,133	\$ 3,540,266	\$ 6,072,059
Restricted cash and investments	--	--	--	1,165,628	1,165,628
Insurance deposits	396,476	--	--	--	396,476
Accounts receivable	178,956	--	--	34,392	213,348
Taxes receivable	1,027,783	--	--	52,363	1,080,146
Due from other agencies	17,491	--	--	253,611	271,102
Due from other funds	105,715	--	--	--	105,715
Loans receivable	--	587,589	--	--	587,589
Prepaid items	1,123,958	--	--	--	1,123,958
 Total assets	<u>\$ 4,829,965</u>	<u>\$ 660,663</u>	<u>\$ 479,133</u>	<u>\$ 5,046,260</u>	<u>\$11,016,021</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 360,150	\$ 59,479	\$ 452	\$ 112,513	\$ 532,594
Deposits	130,820	--	--	1,318	132,138
Due to other funds	--	--	--	81,555	81,555
Deferred revenues	209,813	587,589	478,681	104,790	1,380,873
Total liabilities	<u>700,783</u>	<u>647,068</u>	<u>479,133</u>	<u>300,176</u>	<u>2,127,160</u>
 Fund balances:					
Reserved:					
Imprest cash	250	--	--	--	250
Prepaid expenses	1,123,958	--	--	--	1,123,958
Insurance deposits	396,476	--	--	--	396,476
Unreserved:					
Designated	2,250,000	--	--	--	2,250,000
Undesignated and reported in:					
General fund	358,498	--	--	--	358,498
Special revenue funds	--	13,595	--	3,204,011	3,217,606
Debt service funds	--	--	--	211,420	211,420
Capital projects funds	--	--	--	1,330,653	1,330,653
Total fund balances	<u>4,129,182</u>	<u>13,595</u>	<u>--</u>	<u>4,746,084</u>	<u>8,888,861</u>
 Total liabilities and fund balances	<u>\$ 4,829,965</u>	<u>\$ 660,663</u>	<u>\$ 479,133</u>	<u>\$ 5,046,260</u>	<u>\$11,016,021</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities June 30, 2008

Fund Balance - total governmental funds	\$ 8,888,861
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	15,313,700
Net pension assets and deferred costs in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,833,012
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(266,291)
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, is not reported in the governmental funds.	296,646
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(4,995,000)
Loan payable	(44,954)
Capital leases	(182,815)
Due to other agencies	(33,512)
Landfill closure costs	(1,192,725)
Compensated absences	<u>(1,166,722)</u>
Net assets of governmental activities	<u>\$ 21,450,200</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2008

	General Fund	Small Business Loans	Transportation	Other Governmental	Total
Revenues					
Taxes	\$ 8,050,370	\$ --	\$ --	\$ 898,787	\$ 8,949,157
Licenses and permits	335,079	--	--	159,784	494,863
Fines, forfeitures and penalties	136,518	--	--	--	136,518
Use of money and property	395,604	4,969	(4,486)	206,298	602,385
Intergovernmental	246,149	128,732	666,334	2,054,715	3,095,930
Charges for services	239,202	--	--	38,095	277,297
Other revenues	83,494	--	--	750	84,244
Total revenues	<u>9,486,416</u>	<u>133,701</u>	<u>661,848</u>	<u>3,358,429</u>	<u>13,640,394</u>
Expenditures					
Current:					
General government	1,777,811	--	--	--	1,777,811
Public safety	5,299,123	--	--	312,987	5,612,110
Transportation	1,918,693	--	502,306	651,595	3,072,594
Community development	951,403	250,673	--	230,599	1,432,675
Recreation and culture	--	--	--	17,586	17,586
Debt Service:					
Principal	--	--	11,997	262,161	274,158
Interest	289,218	--	1,623	18,035	308,876
Capital outlay	--	--	138,389	1,551,106	1,689,495
Total expenditures	<u>10,236,248</u>	<u>250,673</u>	<u>654,315</u>	<u>3,044,069</u>	<u>14,185,305</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(749,832)</u>	<u>(116,972)</u>	<u>7,533</u>	<u>314,360</u>	<u>(544,911)</u>
Other Financing Sources (Uses)					
Transfers in	100,000	--	--	136,616	236,616
Transfers out	<u>--</u>	<u>--</u>	<u>--</u>	<u>(236,616)</u>	<u>(236,616)</u>
Total other financing sources (uses)	<u>100,000</u>	<u>--</u>	<u>--</u>	<u>(100,000)</u>	<u>--</u>
Net change in fund balances	(649,832)	(116,972)	7,533	214,360	(544,911)
Fund balances, beginning of year	<u>4,779,014</u>	<u>130,567</u>	<u>(7,533)</u>	<u>4,531,724</u>	<u>9,433,772</u>
Fund balances, end of year	<u>\$ 4,129,182</u>	<u>\$ 13,595</u>	<u>\$ --</u>	<u>\$ 4,746,084</u>	<u>\$ 8,888,861</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities For the Year Ended June 30, 2008

Net change to fund balance - total governmental funds	\$	(544,911)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 1,677,042	
Less: current year depreciation	<u>(691,133)</u>	985,909

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Changes in deferred revenue		296,646
-----------------------------	--	---------

Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs and pension assets when debt is first issued, whereas these amounts are deferred and amortized in the statement of of activities.

Principal repayments:		
Bonds payable	\$ 195,000	
Loan payable	11,977	
Capital leases	86,231	
Due to other agencies	<u>25,303</u>	318,511
Amortization of bond issuance costs		(5,958)
Amortization of pension assets		<u>(120,072)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (64,263)	
Change in accrued landfill closure costs	201,438	
Change in accrued interest payable	<u>7,282</u>	<u>144,457</u>
Change in net assets of governmental activities		<u><u>\$ 1,074,582</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Fund Net Assets Proprietary Funds June 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ --	\$ 4,419,020	\$ 4,419,020
Accounts receivable	--	195,257	195,257
Prepaid expenses	12,605	--	12,605
	<u>12,605</u>	<u>--</u>	<u>12,605</u>
Total current assets	12,605	4,614,277	4,626,882
Noncurrent assets:			
Restricted cash	92,960	--	92,960
Deferred interest	--	575,288	575,288
Capital assets:			
Nondepreciable	6,239,083	873,085	7,112,168
Depreciable, net	4,757,757	8,779,102	13,536,859
	<u>4,757,757</u>	<u>8,779,102</u>	<u>13,536,859</u>
Total assets	<u>\$ 11,102,405</u>	<u>\$ 14,841,752</u>	<u>\$ 25,944,157</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 7,486	\$ 53,907	\$ 61,393
Deposits	92,960	--	92,960
Interest payable	21,889	--	21,889
Due to other funds	24,160	--	24,160
Compensated absences, current portion	--	3,667	3,667
Notes payable, current portion	72,111	282,234	354,345
	<u>72,111</u>	<u>282,234</u>	<u>354,345</u>
Total current liabilities	218,606	339,808	558,414
Noncurrent liabilities:			
Compensated absences	--	1,907	1,907
Notes payable	818,158	3,169,422	3,987,580
Total liabilities	<u>1,036,764</u>	<u>3,511,137</u>	<u>4,547,901</u>
Net Assets			
Invested in capital assets, net of related debt	10,106,571	6,200,531	16,307,102
Unrestricted	(40,930)	5,130,084	5,089,154
Total net assets	<u>10,065,641</u>	<u>11,330,615</u>	<u>21,396,256</u>
Total liabilities and net assets	<u>\$ 11,102,405</u>	<u>\$ 14,841,752</u>	<u>\$ 25,944,157</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Airport	Sewer	Total
Operating Revenues:			
Charges for services			
User fees and charges	\$ 12,664	\$ 4,386,520	\$ 4,399,184
Rents and concession	543,475	--	543,475
Total operating revenues	<u>556,139</u>	<u>4,386,520</u>	<u>4,942,659</u>
Operating Expenses:			
Salaries and benefits	117,942	249,595	367,537
Services and supplies	130,242	2,877,470	3,007,712
Maintenance	45,655	20,138	65,793
Depreciation	277,369	367,530	644,899
Total operating expenses	<u>571,208</u>	<u>3,514,733</u>	<u>4,085,941</u>
Operating income (loss)	<u>(15,069)</u>	<u>871,787</u>	<u>856,718</u>
Nonoperating Revenues (Expenses):			
Taxes	33,802	--	33,802
Intergovernmental grants	26,775	--	26,775
Interest revenue	(1,379)	180,032	178,653
Interest expense	<u>(43,978)</u>	<u>(47,040)</u>	<u>(91,018)</u>
Total nonoperating revenues (expenses)	<u>15,220</u>	<u>132,992</u>	<u>148,212</u>
Income (Loss) Before Capital Contributions	151	1,004,779	1,004,930
Capital contributions	<u>34,824</u>	<u>--</u>	<u>34,824</u>
Change in net assets	34,975	1,004,779	1,039,754
Net assets, beginning of year	<u>10,030,666</u>	<u>10,325,836</u>	<u>20,356,502</u>
Net assets, end of year	<u>\$ 10,065,641</u>	<u>\$ 11,330,615</u>	<u>\$ 21,396,256</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Airport	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers and users	\$ 617,759	\$ 4,305,904	\$ 4,923,663
Cash paid to suppliers for goods and services	(235,862)	(2,864,078)	(3,099,940)
Cash paid to employees for salaries and benefits	(138,151)	(259,633)	(397,784)
Net cash provided (used) by operating activities	243,746	1,182,193	1,425,939
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Taxes received	33,802	--	33,802
Noncapital grants received from other agencies	36,775	--	36,775
Cash received from other funds	24,160	--	24,160
Cash paid to other funds	(42,753)	--	(42,753)
Net cash provided (used) by noncapital financing activities	51,984	--	51,984
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	34,824	--	34,824
Principal paid on notes payable	(66,975)	(282,234)	(349,209)
Interest payments on notes payable	(44,464)	--	(44,464)
Acquisition of capital assets	(169,366)	(280,346)	(449,712)
Net cash provided (used) by capital and related financing activities	(245,981)	(562,580)	(808,561)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	(1,379)	180,032	178,653
Net cash provided by investing activities	(1,379)	180,032	178,653
Net Increase (Decrease) in Cash and Cash Equivalents	48,370	799,645	848,015
Cash and cash equivalents, beginning of year	44,590	3,619,375	3,663,965
Cash and cash equivalents, end of year	<u>\$ 92,960</u>	<u>\$ 4,419,020</u>	<u>\$ 4,511,980</u>

continued

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Cash Flows (continued)

Proprietary Funds

For the Year Ended June 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (15,069)	\$ 871,787	\$ 856,718
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	277,369	367,530	644,899
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	--	(80,616)	(80,616)
Prepaid expense	(647)	--	(647)
Increase (decrease) in:			
Accounts payable	(59,318)	33,530	(25,788)
Deposits	61,620	--	61,620
Compensated absences	(20,209)	(10,038)	(30,247)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 243,746</u></u>	<u><u>\$ 1,182,193</u></u>	<u><u>\$ 1,425,939</u></u>
Noncash investing, capital and financing activities:			
Amortization of deferred interest	<u><u>\$ --</u></u>	<u><u>\$ 47,080</u></u>	<u><u>\$ 47,080</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2008

	Private-Purpose Trust Funds	Agency Funds
Assets		
Current Assets:		
Cash and investments	\$ 106,454	\$ 48,245
Accounts receivable	--	6,824
Total assets	<u>\$ 106,454</u>	<u>\$ 55,069</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ --	\$ 29,590
Agency obligations	--	25,479
Total liabilities	--	55,069
Net Assets		
Net assets held in trust for other purposes	<u>106,454</u>	<u>--</u>
Total liabilities and net assets	<u>\$ 106,454</u>	<u>\$ 55,069</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2008

	Private-Purpose Trust Funds
ADDITIONS:	
Interest and investment income	\$ 4,207
Contributions from participants	<u>31,059</u>
Total Additions	35,266
DEDUCTIONS:	
Distributions to participants	<u>898</u>
Change in net assets	34,368
Net assets, beginning of year	<u>72,086</u>
Net assets, end of year	<u><u>\$ 106,454</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the City, and other necessary disclosure of pertinent matters relating to the financial position of the City. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies**

A. The Financial Reporting Entity

The City of Auburn (City), California was incorporated in 1888. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning and general administration services.

The financial statements presented herein include all of the funds relevant to the operations of the City. The City's fiscal year begins July 1 and ends on June 30.

The accounting methods and procedures adopted by the City of Auburn conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under criteria set by Government Accounting Standards Board (GASB) Statement No. 14. Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units, although legally separate entities are, in substance, part of government's operations. Blended component units are an extension of the City and so data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City.

Blended Component Units

Auburn Urban Development Authority is a blended component unit because it is governed by a five-member board composed of the four city council members and the mayor. The Authority is a public instrumentality, organized and existing pursuant to the laws of the State of California for the purpose of eliminating blight through the process of redevelopment. Financial statements of the Authority can be obtained from the City of Auburn Administrative Services Department, 1225 Lincoln Way, Auburn, CA 95603.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for services where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

When both restricted and unrestricted net assets are available, unrestricted net assets are used only after restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. All revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, public ways and facilities, community development, health and sanitation and culture-recreation services.
- The *Small Business Loans (Community Development Block Grant) Fund* is used to account for monies received from the State and Federal Governments and loaned by the City to individuals and businesses to encourage small business growth. Funds, when repaid, are provided to new businesses.
- The *Transportation Fund* is used to account for monies received through the Transportation Development Act Tax (TDA) and STP programs. The financing from State and Federal programs helps to build and maintain the street transportation and storm drain network.

The City reports the following major enterprise funds:

- The *Airport Fund* was established to account for the operation and maintenance of the City's general aviation airport serving recreation, commuter, limited air cargo and public safety needs.
- The *Sewer Fund* was established to account for the building, operating and maintaining of the City's sewer treatment plant and collection system.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The City reports the following additional fund types:

- *Private Purpose Trust Funds* account for property held under trust agreements under which principal and income benefit individuals, private organizations or other governments. Private purpose funds include the Signature Theatre Sewer Reimbursement Fund, the Southwest Specific Plan Fund and the Auburn Police Officers' Association Medical Services Plan Fund.
- The *Agency Funds* account for resources held by the City as a trustee or an agent for individuals, private organizations, and other governmental entities. These resources include payroll deduction and collection clearing funds and various fees collected on behalf of other agencies.

C. **Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements, with the exception of agency funds which have no measurement focus, are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and capital leases are reported as other financial sources.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Accounting** (continued)

For its business-type activities and enterprise funds, the City has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for governmental units.

D. **Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Interest from bank accounts and investments are allocated to the various funds based on average balances of the funds entitled to receive interest.

Except for investments in external investment pools, the City has stated required investments at fair values as required by GASB Statement No. 31. Fair value is based on published market prices and quotations from major investment brokers. Investments in external investment pools are stated at amortized cost, which approximates fair value.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments, including restricted cash and investments, with original maturity of three months or less and amounts held in the City's investment pool to be cash and cash equivalents.

E. **Receivables and Unearned Revenue**

Receivables consist mostly of property taxes, sales taxes, franchise fees, grants and utility billings. Management believes its receivables are fully collectible and, accordingly, no allowances for doubtful accounts is required.

The City reports unearned revenue on its financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

E. **Receivables and Unearned Revenue** (continued)

the resources, the liability unearned revenue is removed from the financial statements and revenue is recognized.

F. **Prepays**

Certain payments made to vendors reflect costs applicable to future accounting periods and are reported as prepaids in both the government-wide and fund financial statements. Prepaid items as reported in the financial statements are offset by a reservation of fund balance for noncurrent assets in government funds to indicate that they do not constitute resources available for appropriation.

G. **Capital Assets**

Capital assets (including infrastructure) are recorded at historical or estimated cost. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control.

The City's policy is to capitalize all capital assets with a cost of \$5,000 or more and having an estimated useful life greater than one year. The straight-line method of depreciation is used for capital assets and infrastructure.

Maintenance and repairs are charged to expense as incurred. Significant renewals or betterments are capitalized and depreciated over their estimated useful lives. Costs incurred for major improvements or construction of capital assets are carried in construction in progress until the project is completed at which time cost related to the project are capitalized.

The estimated useful lives are as follows:

Infrastructure	40 years
Buildings and improvements	40 years
Equipment	5 to 10 years

The City has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

H. Compensated Absences

Employees accrue vacation, sick and compensatory time off benefits. An employee may accumulate vacation time equal to the amount that can be earned in a two-year period. Vacation pay is paid upon separation of service or retirement. Sick leave benefits may be applied to earlier retirement. Upon termination, sick leave benefits in excess of a specified maximum are paid.

All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund statements. In governmental funds, the cost of vacation and sick leave benefits is recognized when payments are made to employees.

I. Interfund Balances

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivable and payable as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/due from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, are reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

J. Property Tax Revenues

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on July 1st and are payable in two installments on December 10th and April 10th.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

J. **Property Tax Revenues** (continued)

The County of Placer is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allows counties to distribute secured real property and assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments, penalties and interest during a fiscal year will revert to the County.

K. **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: **Cash and Investments**

The City's deposit and investment balances as of June 30, 2008, consisted of the following:

Cash on hand	\$ 250
Deposits	4,271,059
Investments	<u>8,029,533</u>
Total Cash and Investments	<u><u>\$ 12,300,842</u></u>

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 2: **Cash and Investments** (continued)

Total cash and investments were classified and reported on the City's financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Cash and Investments</u>
Governmental activities	\$ 6,468,535	\$ 1,165,628	\$ 7,634,163
Business-type activities	4,419,020	92,960	4,511,980
Fiduciary funds	<u>154,699</u>	<u>--</u>	<u>154,699</u>
Total Cash and Investments	<u>\$ 11,042,254</u>	<u>\$ 1,258,588</u>	<u>\$ 12,300,842</u>

Cash and investments of \$1,165,628 for governmental funds was restricted for future post-closure costs. Cash and investments of \$92,960 for business-type activities consisted of tenant deposits held in connection with airport hangar rentals.

Custodial Credit Risk of Cash Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the City's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

At June 30, 2008, the recorded amount of the City's deposits was \$4,271,059 and the bank balance was \$4,283,159. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC) or the multiple financial institution collateral pool that insures public deposits.

Investments

The City invests funds through pooling of monies. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole and not as a combination of monies from each fund belonging to the pool. In this manner, the City's Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned quarterly to each fund in the pool based on the average cash balance of the fund for the quarter. The City investment pool is not registered with the Securities and Exchange Commission as an investment company.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 2: **Cash and Investments** (continued)

Investments (continued)

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code or the City's investment policy, where more restrictive.

The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
City or City Agency Bonds	5 years	5%	None
California State Bonds	5 years	5%	None
Local Agency Bonds (CA only)	5 years	15%	5%
Banker's Acceptances	180 days	40%	30%
Commerical Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	\$100,000
Time deposits, under \$100,000	3 years	30%	10%
Time deposits, over \$100,000	18 months	30%	10%
Repurchase Agreements	10 days	30%	None
Reverse Repurchase Agreements	30 days	20% of base value	None
Medium Term Notes	3 years	30%	15%
Mutual Funds/Money Market Mutual Funds	N/A	15%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None
Placer County Investment Pool	N/A	25%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City limits its exposure to interest rate risk inherent in its portfolio by managing the investment maturities, the weighted average maturity of its portfolio, as well as limiting the weighted average maturity to 5 years or less.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 2: **Cash and Investments** (continued)

Investments (continued)

Disclosures Relating to Interest Rate Risk (continued)

Investment Type	Fair Value	Weighted Average Maturity (in years)
Investments in Investment Pool:		
Federal Agency Obligations	\$ 4,980,580	4.22
Corporate Obligations	488,811	3.73
Negotiable Certificates of Deposit	483,504	2.31
Local Agency Investment Fund	40,445	0.00
Placer County Investment Pool	2,036,193	1.00
Portfolio Weighted Average Maturity	<u>\$ 8,029,533</u>	<u>3.24</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Moody's	% of Portfolio
Investments in Investment Pool:				
Federal Home Loan Banks	\$ 2,988,235	N/A	(1)	37.22%
Federal Farm Credit Banks	496,875	N/A	Aaa	6.19%
Federal National Mortgages	1,495,470	N/A	Aaa	18.62%
Corporate Medium Term Note	488,811	A	A2	6.09%
Negotiable Certificates of Deposits	483,504	N/A	(1)	6.02%
California Local Agency Investment Fund	40,445	N/A	N/A	0.50%
Placer County Investment Pool	2,036,193	N/A	N/A	25.36%
	<u>\$ 8,029,533</u>			<u>100.00%</u>

(1) Moody's rating was unavailable.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 2: **Cash and Investments** (continued)

Investments (continued)

Concentrations of Credit Risk

The California Government Code and the investment policy of the City contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2008, did not exceed limits established by law or the City's investment policy.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008, the City's investment pool had no securities exposed to custodial credit risk and there was no securities lending.

Investment in External Investment Pools

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by State statute. The value of the City's investment in this pool is reported in the accompanying financial statements at amortized cost. The fair value of the City's position in the pool is the same as the value of the pooled shares. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2008, a total of \$70.0 billion was invested by all public agencies. Of that amount, 85.28% was invested in non-derivative products and 14.72% was invested in derivative type products consisting of structured notes and asset-backed securities.

The City is a participant in the Placer County Investment Pool. The Placer County Treasurer manages investments in the County pool. On a monthly basis, interest is allocated to participants based on average daily balances. The Placer County Treasury Oversight Committee oversees the Treasurer's investments and policies. Investments held in the County's investment pool are available on demand and are stated at amortized cost, which approximated fair value. The fair value of the City's position in the pool is the same as the value of the pooled shares.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 3: **Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Retirements	Transfers	Balance June 30, 2008
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 350,000	\$ --	\$ --	\$ --	\$ 350,000
Construction in process	5,044,628	1,604,000	--	(709,234)	5,939,394
Total capital assets, not being depreciated	5,394,628	1,604,000	--	(709,234)	6,289,394
Capital assets, being depreciated:					
Infrastructure	3,815,191	--	--	709,234	4,524,425
Building and improvements	5,230,205	--	--	--	5,230,205
Equipment	4,770,095	73,542	(28,449)	--	4,815,188
Total capital assets, being depreciated	13,815,491	73,542	(28,449)	709,234	14,569,818
Less accumulated depreciation for:					
Infrastructure	(210,100)	(55,454)	--	--	(265,554)
Building and improvements	(1,728,027)	(101,418)	--	--	(1,829,445)
Equipment	(2,944,201)	(534,261)	27,949	--	(3,450,513)
Total accumulated depreciation	(4,882,328)	(691,133)	27,949	--	(5,545,512)
Total capital assets, being depreciated, net	8,933,163	(617,591)	(500)	709,234	9,024,306
Governmental activities capital assets, net	\$ 14,327,791	\$ 986,409	\$ (500)	\$ --	\$ 15,313,700
	Balance July 1, 2007	Additions	Retirements	Transfers	Balance June 30, 2008
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,874,395	\$ --	\$ --	\$ --	\$ 2,874,395
Construction in process	4,327,813	449,712	--	(539,752)	4,237,773
Total capital assets, not being depreciated	7,202,208	449,712	--	(539,752)	7,112,168
Capital assets, being depreciated:					
Infrastructure	17,983,798	--	--	533,442	18,517,240
Equipment	1,417,836	--	--	6,310	1,424,146
Total capital assets, being depreciated	19,401,634	--	--	539,752	19,941,386
Less accumulated depreciation for:					
Infrastructure	(4,774,276)	(563,713)	--	--	(5,337,989)
Equipment	(985,352)	(81,186)	--	--	(1,066,538)
Total accumulated depreciation	(5,759,628)	(644,899)	--	--	(6,404,527)
Total capital assets, being depreciated, net	13,642,006	(644,899)	--	539,752	13,536,859
Business-type activities capital assets, net	\$ 20,844,214	\$ (195,187)	\$ --	\$ --	\$ 20,649,027

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 3: **Capital Assets** (continued)

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:

General government	\$ 299,081
Public safety	242,493
Transportation	149,559
Total depreciation expense - governmental activities	<u>\$ 691,133</u>

Business-type activities:

Auburn Municipal Airport	\$ 277,369
Sewer	367,530
Total depreciation expense - business-type activities	<u>\$ 644,899</u>

Note 4: **Deferred Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenues considered unavailable to fund expenditures of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2008, the various components of deferred revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental activities:		
General Fund:		
Sales tax	\$ 209,813	\$ --
Small Business Loans:		
Housing loans receivable	--	587,589
Transportation:		
Unspent allocations	--	478,681
Other Governmental Funds:		
Intergovernmental revenues	86,833	17,957
	<u>\$ 296,646</u>	<u>\$ 1,084,227</u>

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 5: Long-Term Liabilities

Long-term liabilities at June 30, 2008 consisted of the following:

	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Installments</u>	<u>Date of Issue</u>	<u>Amount Authorized</u>	<u>Outstanding June 30, 2008</u>
<u>Governmental Activities</u>						
General obligation bonds						
Civic Center general obligation bonds (financed Civic Center, including Police Station)	2009	6.50% - 9.25%	\$40,000 - \$150,000	1987	\$ 2,330,000	\$ 150,000
Pension obligation bonds						
Taxable Pension Obligation Bonds (financed unfunded accrued actuarial liability)	2028	5.69% - 5.93%	\$65,000 - \$345,000	2006	4,965,000	4,845,000
Notes Payable						
California Energy Commission (LED Signal Conversion)	2011	3.00%	\$11,997 - \$19,832	2002	112,060	44,954
Due to Other Agencies						
Placer County Library, Park and Cemetery Districts (tax-increment pass-through)	2023	0.00%	\$2,234 - \$25,303	1987	286,569	33,512
<u>Business-type Activities</u>						
Notes payable						
East Hanger Project at Airport	2018	4.68%	\$55,556 - \$95,556	2002	1,000,000	764,444
Fuel facility at Airport	2017	4.78%	\$9,561 - \$16,955	2005	200,000	125,825
State Water Resources Control Board (construction of water waste treatment plant - phase 1A)	2019	0.00%	\$108,691	1998	2,173,820	1,195,601
State Water Resources Control Board (construction of water waste treatment plant - phase 1B)	2021	0.00%	\$173,543	2000	2,892,368	2,256,055

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 5: **Long-Term Liabilities** (continued)

The following is a summary of long-term debt transactions for the fiscal year ended June 30, 2008:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 290,000	\$ --	\$ (140,000)	\$ 150,000	\$ 150,000
Pension obligation bonds	4,900,000	--	(55,000)	4,845,000	70,000
Notes payable	56,931	--	(11,977)	44,954	12,364
Due to other agencies	58,815	--	(25,303)	33,512	2,234
Capital leases	269,046	--	(86,231)	182,815	89,637
Compensated absences	1,102,459	730,789	(666,526)	1,166,722	262,565
Landfill closure costs	1,394,163	--	(201,438)	1,192,725	176,700
Total Governmental Activities					
Long-term Liabilities	<u>\$ 8,071,414</u>	<u>\$ 730,789</u>	<u>\$ (1,186,475)</u>	<u>\$ 7,615,728</u>	<u>\$ 763,500</u>
Business-type Activities:					
Note payable	\$ 4,691,134	\$ --	\$ (349,209)	\$ 4,341,925	\$ 354,345
Compensated absences	35,821	18,447	(48,694)	5,574	3,667
Total Business-type Activities					
Long-term Liabilities	<u>\$ 4,726,955</u>	<u>\$ 18,447</u>	<u>\$ (397,903)</u>	<u>\$ 4,347,499</u>	<u>\$ 358,012</u>

Landfill closure costs are liquidated from a special revenue fund. Compensated absences attributable to governmental activities will be liquidated from the general fund and related special revenue funds.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bonds proceeds at an interest yield greater than the interest yield paid to bondholders. The City was not subject to arbitrage regulations at June 30, 2008.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 5: **Long-Term Debt** (continued)

As of June 30, 2008, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	General Obligation Bonds		Pension Obligation Bonds		Notes Payable		Due to Other Agencies	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 150,000	\$ 5,625	\$ 70,000	\$ 285,387	\$ 12,364	\$ 1,256	\$ 2,234	\$ --
2010	--	--	90,000	281,404	12,738	882	2,234	--
2011	--	--	110,000	276,283	19,852	598	2,234	--
2012	--	--	125,000	270,024	--	--	2,234	--
2013	--	--	145,000	262,724	--	--	2,234	--
2014-2018	--	--	1,145,000	1,153,451	--	--	11,170	--
2019-2023	--	--	1,730,000	722,788	--	--	11,172	--
2024-2028	--	--	1,430,000	271,594	--	--	--	--
	<u>\$ 150,000</u>	<u>\$ 5,625</u>	<u>\$ 4,845,000</u>	<u>\$ 3,523,655</u>	<u>\$ 44,954</u>	<u>\$ 2,736</u>	<u>\$ 33,512</u>	<u>\$ --</u>

As of June 30, 2008, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Notes Payable	
	Principal	Interest
2009	\$ 354,345	\$ 41,817
2010	359,481	38,429
2011	364,618	34,798
2012	369,754	30,926
2013	374,891	26,813
2014-2018	1,889,519	64,322
2019-2023	<u>629,317</u>	<u>--</u>
	<u>\$ 4,341,925</u>	<u>\$ 237,105</u>

Note 6: **Leases**

Capital Leases Payable

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 6: Leases (continued)

Capital Leases Payable (continued)

<u>Governmental Fund Activities</u>	<u>Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2008</u>
Firetruck	3.95%	\$ 182,815
		<u>\$ 182,815</u>

The cost of equipment and related accumulated depreciation acquired under capital leases are as follows:

Cost of equipment	\$ 352,000
Less: accumulated depreciation	<u>134,096</u>
Carrying value at June 30, 2008	<u>\$ 217,904</u>

As of June 30, 2008, future minimum lease payments under capital leases were as follows:

<u>Year Ending June 30</u>	
2009	\$ 96,858
2010	<u>96,858</u>
Total Future Minimum Lease Payments	193,716
Less: Interest	<u>(10,901)</u>
Present Value of Minimum Lease Payments	<u>\$ 182,815</u>

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 7: **Rental Income from Leases**

The City leases property under noncancelleable tenant operating leases. The following is a schedule of future minimum lease payments:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2009	\$ 169,631	\$ 629,034
2010	169,631	629,034
2011	169,631	629,034
2012	169,631	629,034
2013	169,631	629,034
2014-2018	848,155	3,145,170
2019-2023	848,155	2,749,964
2024-2028	836,155	2,277,351
2029-2033	788,155	2,104,795
2034-2038	756,480	1,288,012
2039-2043	532,091	1,013,340
2044-2047	84,801	580,035
	<u>\$ 5,542,147</u>	<u>\$ 16,303,837</u>

Note 8: **Net Assets/Fund Balances**

Net Assets

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the City, not restricted for any project or other purpose.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 8: **Net Assets/Fund Balances** (continued)

Net Assets (continued)

Restricted net assets at year-end for governmental activities were as follows:

Restricted for Public Safety:

Maidu Fire Station	\$	38,265	
Property Seizures		580	
Public Safety Grants		247,708	
Solid Waste Management		<u>17,413</u>	\$ 303,966

Restricted for Transportation Projects:

State Gas Tax			135,003
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Restricted for Community Resources & Facilities:

Redevelopment Agency	1,655,139		
Merchant's Council	729		
Small Business Loans	13,595		
Historic Auburn	<u>3,302</u>	1,672,765	

Restricted for Capital Projects		1,330,653	
Restricted for Debt Service		<u>211,420</u>	

Total Restricted Net Assets - Governmental Activities		<u>\$ 3,653,807</u>	
---	--	---------------------	--

Included in governmental activities restricted net assets at June 30, 2008, were net assets restricted by enabling legislation of \$1,697,435.

Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various designations are established by actions of the City Council and management and can be increased, reduced or eliminated by similar actions.

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The City’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The City has “reserved” fund balances as follows:

- *Reserved for imprest cash* – unavailable for appropriation because the City maintains various levels of revolving funds for daily operations.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 8: **Net Assets/Fund Balances** (continued)

Fund Balances (continued)

- *Reserved for prepaid items* – represents prepaid items that do not represent available spendable resources.
- *Insurance deposits* – represents cash held on deposit with the insurance joint powers authority to provide for payment of claims within the City's self-insured retention layer.

Portions of unreserved fund balance may be designated to indicate tentative for financial resources in a future period. Such plans or intent are subject to change and have not been legally authorized.

As of June 30, 2008, fund balance designations included the following:

- *Economic Uncertainty* – To reflect management's intent to expend funds during poor economic times or in times when the cost of services rises dramatically. \$ 2,250,000

Note 9: **Interfund Transactions**

Interfund balances and transfers as of June 30, 2008 consisted of the following:

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 24,160
	Other Governmental Funds	81,555
		<u>\$ 105,715</u>

During the year, various funds borrowed cash to cover operating cash deficits. These amounts will be repaid in the following fiscal year.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 9: **Interfund Transactions** (continued)

Transfers From/To Other Funds:

Transfer From	Transfer To	Amount
Other Governmental Funds	Other Governmental Funds	\$ 136,616
General Fund	Other Governmental Funds	<u>100,000</u>
		<u>\$ 236,616</u>

Transfers are indicative of funding for capital projects, lease payments or debt service and subsidies of various City operations.

Note 10: **Defined Benefit Pension Plan**

A. Plan Description

The City contributes to the California Public Employee Retirement System (CalPERS) cost-sharing public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPers acts as a common investment and administrative agent for participating public entities within the State of California. Effective June 1, 2004, the City entered the CalPERS risk pool program. The pool is the consolidation of all public agencies with less than one hundred employees in each bargaining unit. Individual City information is no longer available. Benefit provisions and other requirements are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law and City ordinance. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 Q Street, Room 1820, Lincoln Plaza East, Sacramento, CA. 95814.

B. Fund Policy

Employees under the Miscellaneous Plan are required to contribute 7% and employees under the Safety Plan are required to contribute 9% of covered salary to CalPERS. The City is required to contribute remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. For the fiscal year ended June 30, 2008, the employer contribution rate was 8.839% for the Miscellaneous Plan and 17.840% for the Safety Plan. The City makes the contribution required by employees on their behalf and for their account.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 10: **Defined Benefit Pension Plan** (continued)

B. **Fund Policy** (continued)

Annual Pension Cost

For the fiscal year ended June 30, 2008, the City's annual pension cost was \$1,178,718 and the City actually contributed \$1,178,718. The required contribution for the fiscal year 2007-08 was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Annual Pension Obligation</u>
6/30/2006	\$ 1,363,015	100%	\$ --
6/30/2007	1,165,465	100%	--
6/30/2008	1,178,718	100%	--

Note 11: **Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount for the loss can be reasonably estimated.

There were no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three years.

The City has joined together with other Cities in the State of California to participate in Northern California Cities Self-Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured retention amount for liability and workers' compensation. In addition, NCCSIF provides claims servicing to the City for the banking layer, which represents the City's self-insurance. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for liability and workers compensation coverage for member cities. The NCCSIF is composed of 20 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The workers' compensation and general liability programs are administered by third-party administrators.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 11: **Risk Management** (continued)

General Liability Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Auburn, self-insures for the first \$50,000 of each loss. Participating cities share in loss occurrences in excess of \$50,000 up to a maximum of \$500,000. Premiums accrue based on the ultimate cost of the experience of the group of Cities. Coverage in excess of \$500,000 is provided through the California Joint Powers Insurance Risk Management Authority, a joint power authority organized to provide excess coverage for its members.

Workers' Compensation Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. The City self-insured for the first \$100,000 of each loss and has purchased excess coverage with limits of \$5,000,000 per occurrence.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances to each equity.

The Authority establishes claims liabilities based on estimates of the ultimate costs of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claim costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited in the periods in which they are made.

The City's deposits for its banking layer administered by NCCSIF of \$396,476 is recorded in the general fund as insurance deposits. Activity for the year ended June 30, 2008 is as follows:

	General Liability	Workers' Compensation	Total
AUDITED			
Balance, June 30, 2007	\$ 225,918	\$ 165,816	\$ 391,734
Deposits and other income	24,681	81,487	106,168
Investment income and changes in fair values	38,598	62,905	101,503
Claims paid, net of refunds	(36,314)	(154,778)	(191,092)
Claims administration and other expenses	--	(11,837)	(11,837)
Balance, June 30, 2008	<u>\$ 252,883</u>	<u>\$ 143,593</u>	<u>\$ 396,476</u>

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 11: **Risk Management** (continued)

The following is summary financial information of the NCCSIF for the liability and workers' compensation program for the fiscal year ended June 30, 2008:

	General Liability	Workers' Compensation	Total
Assets	\$ 15,187,392	\$ 33,856,492	\$ 49,043,884
Liabilities	7,538,794	23,001,279	30,540,073
Net Assets	<u>\$ 7,648,598</u>	<u>\$ 10,855,213</u>	<u>\$ 18,503,811</u>
Revenues	4,855,470	7,377,842	12,233,312
Expenses	6,537,091	8,334,223	14,871,314
Change in Net Assets	(1,681,621)	(956,381)	(2,638,002)
#N/A	9,330,219	11,811,594	21,141,813
#N/A	<u>\$ 7,648,598</u>	<u>\$ 10,855,213</u>	<u>\$ 18,503,811</u>

Note 12: **Joint Agencies**

The Northern California Cities Self-Insurance Fund (NCCSIF) is a joint powers authority organized to provide for a banking plan whereby the member cities can share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by the Board of Directors appointed by the member cities.

Complete audited financial statements can be obtained from the Program Administrator, 600 Montgomery Street, 9th Floor, San Francisco, CA 94111.

The California Joint Powers Insurance Risk Management Authority (CJPRMA) is a joint power authority organized to provide excess coverage for its members. The CJPRMA is governed by a board of directors representing its member cities.

Complete audited financial statements can be obtained from the Program Administrator, 600 Montgomery Street, 9th Floor, San Francisco, CA 94111.

The California Transit Insurance Pool (CTIP) is a joint powers authority organized to provide liability coverage for its members. The CTIP is governed by a board of directors representing its member agencies. CTIP is composed of 32 member agencies.

Complete audited financial statements can be obtained from the Program Administrator, CalTIP, 1415 L Street, Suite 200, Sacramento, CA 95814.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 13: **Commitments and Contingencies**

Contingencies

The City has received state grants for specific purposes that are subject to review and audit by the state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

Construction Commitments

At June 30, 2008, the City had construction contracts outstanding of approximately \$2,025,040 for the Maidu Sidewalk, East Lincoln Sidewalk, Borland Intersection, and Vintage Oaks Lift Station projects. These projects should be completed within the next year and the costs will be recorded at that time.

Note 14: **Post Closure**

The City of Auburn has post-closure responsibility for one landfill site (located on the Auburn Municipal Airport). State and federal laws and regulations require that the City of Auburn place a final cover over its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years following its closure. Closure procedures have been performed and post closure activity is recorded in a special revenue fund. Post closure maintenance activities are funded by a 4.71 percent surcharge on refuse collection fees. The estimated liability for post-closure care costs is estimated to be \$1,192,725 as of June 30, 2008. The estimate of post-closure care costs is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2008. However, the actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City of Auburn is required by state and federal laws and regulations to make annual contributions to finance post closure care costs. The costs of these procedures is funded on a pay as you go basis. The City has not adopted a pledge of revenue to fund these costs. At June 30, 2008, the City was holding bank deposits and federal securities in the amount of \$1,165,628 for this purpose. It is anticipated that future costs will be financed in part from earnings on these investments, and the continuation of the franchise fee surcharge. The net present value of the estimated future surcharge fees and interest is \$818,842. The remaining portion of estimated post closure maintenance costs and any additional costs that might arise from changes in post closure requirements (due to changes in technology or more rigorous environment regulations) may need to be covered by an increase in the rate of the franchise surcharge assessed against refuse collection fees.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 14: **Post Closure** (continued)

Additionally, the City recognizes that there is a risk of future landfill gas migration or groundwater contamination, which could result in bodily injury and/or property damage liability claims against the City. Accordingly, the City has secured a “third party pollution liability” insurance agreement (underwritten by United Capital Insurance Company) to pay for any damages arising out of claims which might result from future pollution conditions that might result from the landfill site. This insurance coverage applies to groundwater contamination from leakages, but excludes remediation of landfill gas that might migrate from the closed landfill site. The aggregate coverage limit is \$1,500,000 and there is a policy deductible of \$100,000 for each pollution condition.

Note 15: **Post-Employment Benefits**

The City allows retired employees to participate in its health plan and subsidizes a portion of the cost. During the year, the City provided benefits to 16 retirees at an annual cost of \$4,274.

Note 16: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) released GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB)*, which may have a significant impact on the County’s financial reporting process. GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2010.

The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which may have a significant impact on the City’s financial reporting process. GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. GASB No. 49 will be effective for the fiscal year ending June 30, 2009.

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which may have a significant impact on the County’s financial reporting process. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks and computer software. GASB No. 51 will be effective for the fiscal year ending June 30, 2010.

CITY OF AUBURN

Notes to Financial Statements June 30, 2008

Note 18: **Subsequent Events**

At June 30, 2008, the City's investment pool held a par value of \$125,000 in the medium-term note of Lehman Brothers, scheduled to mature on January 18, 2012. On September 15, 2008, Lehman Brothers filed for bankruptcy. Consequently, the fair market value of the investment has declined since the June 30th value listed earlier in this report. As of October 31, 2008, the Lehman Brothers medium-term note was trading at 13% of its par value (at a fair market value of \$16,250). This event is uncertain in nature since a permanent loss would not occur until the City sells or redeems the investment.

In October, 2008, the Auburn Urban Development Authority issued Tax Allocation Bonds totaling \$4,805,000. The proceeds of the bonds will be used principally to finance programs, projects and activities of the Authority relating to redevelopment projects. The bonds are payable from and secured by a pledge of the Authority's tax increment revenues.

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Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2008

**Required Supplementary
Information**

CITY OF AUBURN

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 5,032,909	\$ 4,779,014	\$ 4,779,014	\$ --
Resources (inflows):				
Taxes	7,845,000	8,260,177	\$ 8,050,370	(209,807)
Licenses and permits	1,037,900	335,479	335,079	(400)
Fines, forfeitures and penalties	127,000	136,518	136,518	--
Use of money and property	515,000	395,604	395,604	--
Intergovernmental	270,500	246,149	246,149	--
Charges for services	278,500	239,202	239,202	--
Other revenues	20,000	83,494	83,494	--
Transfers from other funds	368,259	100,000	100,000	--
Amounts available for appropriation	10,462,159	9,796,623	9,586,416	(210,207)
Charges to appropriations (outflows):				
General government:				
City council	66,541	63,801	63,801	--
City manager	299,649	197,242	197,242	--
City clerk	104,538	105,645	105,645	--
Administrative services	631,222	601,217	601,637	(420)
City attorney	200,000	139,242	139,242	--
Information technology	371,728	272,247	272,247	--
Insurance programs	279,229	332,227	332,227	--
Support for community programs	148,350	47,638	47,462	176
	2,101,257	1,759,259	1,759,503	(244)
Public safety:				
Police	3,711,719	3,680,158	3,680,240	(82)
Fire	1,539,842	1,592,835	1,592,838	(3)
	5,251,561	5,272,993	5,273,078	(85)
Transportation:				
Administration and engineering	383,731	324,935	327,181	(2,246)
Building maintenance	413,680	379,190	379,190	--
Construction and maintenance	863,161	919,261	919,270	(9)
Yard and shop	260,663	263,587	261,748	1,839
Stormwater management	37,551	31,304	31,304	--
	1,958,786	1,918,277	1,918,693	(416)

continued

CITY OF AUBURN

Budgetary Comparison Schedule (continued) General Fund For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to appropriations (continued):				
Community development:				
Administration	\$ 570,965	\$ 489,267	\$ 491,548	\$ (2,281)
Building inspections	294,050	278,195	278,195	--
Public services counter	188,788	181,660	181,660	--
	<u>1,053,803</u>	<u>949,122</u>	<u>951,403</u>	<u>(2,281)</u>
Nondepartmental:				
Debt service	346,752	333,571	333,571	--
	<u>346,752</u>	<u>333,571</u>	<u>333,571</u>	<u>--</u>
Total charges to appropriations	<u>10,712,159</u>	<u>10,233,222</u>	<u>10,236,248</u>	<u>(3,026)</u>
Budgetary fund balances, June 30	<u>\$ 4,782,909</u>	<u>\$ 4,342,415</u>	<u>\$ 4,129,182</u>	<u>\$ (213,233)</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule				\$ 9,586,416
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes				<u>(100,000)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 9,486,416</u>

CITY OF AUBURN

Budgetary Comparison Schedule Small Business Loans For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 132,230	\$ 130,567	\$ 130,567	\$ --
Resources (inflows):				
Use of money and property	4,000	4,000	4,969	969
Intergovernmental	560,000	560,000	128,732	(431,268)
Amounts available for appropriation	564,000	564,000	133,701	(430,299)
Charges to appropriations (outflows):				
Current:				
Community development	320,000	320,000	250,673	69,327
Total charges to appropriations	320,000	320,000	250,673	69,327
Budgetary fund balances, June 30	<u>\$ 376,230</u>	<u>\$ 374,567</u>	<u>\$ 13,595</u>	<u>\$ (360,972)</u>

CITY OF AUBURN

Budgetary Comparison Schedule Transportation For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ (40,215)	\$ (7,533)	\$ (7,533)	\$ --
Resources (inflows):				
Use of money and property	--	--	(4,486)	(4,486)
Intergovernmental	1,568,289	1,568,289	666,334	(901,955)
Other revenues	1,082,976	1,082,976	--	(1,082,976)
Amounts available for appropriation	2,651,265	2,651,265	661,848	(1,989,417)
Charges to appropriations (outflows):				
Current:				
Transportation	45,000	45,000	502,306	(457,306)
Debt service	13,620	13,620	13,620	--
Capital outlay	2,546,360	2,546,360	138,389	2,407,971
Total charges to appropriations	2,604,980	2,604,980	654,315	1,950,665
Budgetary fund balances, June 30	\$ 6,070	\$ 38,752	\$ --	\$ (38,752)

CITY OF AUBURN

Note to Required Supplementary Information For the Year Ended June 30, 2008

BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and Enterprise Funds and is controlled at the department level for the City. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that interfund transfers are reported as revenues and expenditures.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager and City Administrative Services Director submits to the City Council a proposed operating budget for the year commencing the following July 1. The operating budget proposes expenditures and the means of financing them.
2. Public hearings, when required, are conducted at City Hall to obtain taxpayer comments.
3. Prior to July 1 (when possible), the budget is legally enacted through passage of a formal resolution.
4. Any revisions which alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are as originally adopted and as subsequently revised by the City Council.

All unused appropriations for budgeted amounts lapse at the end of the year.

Annual appropriated budgets are not adopted for certain funds established to meet or satisfy a specific purpose. For the fiscal year ended June 30, 2008, the following funds were considered established for a specific purpose and did not have annual appropriated budgets:

Property Seizures
Merchant's Council
Historic Auburn
Maidu Fire Station
Miscellaneous Grants
AUSD Park Preserve
Project Fund

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Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2008

**Combining and Individual
Fund Statements and
Schedules**

NONMAJOR GOVERNMENTAL FUNDS

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CITY OF AUBURN

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008

	Special Revenue	Capital Projects	Debt Service Gen. Oblig. Bonds	Total
ASSETS				
Cash and investments	\$ 1,984,377	\$ 1,348,693	\$ 207,196	\$ 3,540,266
Restricted cash and investments	1,165,628	--	--	1,165,628
Accounts receivable	34,392	--	--	34,392
Taxes receivable	48,139	--	4,224	52,363
Due from other agencies	253,611	--	--	253,611
Total assets	<u>\$ 3,486,147</u>	<u>\$ 1,348,693</u>	<u>\$ 211,420</u>	<u>\$ 5,046,260</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 95,791	\$ 16,722	\$ --	\$ 112,513
Deposits	--	1,318	--	1,318
Due to other funds	81,555	--	--	81,555
Deferred revenues	104,790	--	--	104,790
Total liabilities	<u>282,136</u>	<u>18,040</u>	<u>--</u>	<u>300,176</u>
Fund balances:				
Unreserved:, undesignated and reported in:				
Special revenue funds	3,204,011	--	--	3,204,011
Debt service funds	--	--	211,420	211,420
Capital projects funds	--	1,330,653	--	1,330,653
Total fund balances	<u>3,204,011</u>	<u>1,330,653</u>	<u>211,420</u>	<u>4,746,084</u>
Total liabilities and fund balances	<u>\$ 3,486,147</u>	<u>\$ 1,348,693</u>	<u>\$ 211,420</u>	<u>\$ 5,046,260</u>

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2008

	Special Revenue	Capital Projects	Debt Service Gen. Oblig. Bonds	Total
Revenues				
Taxes	\$ 822,437	\$ --	\$ 76,350	\$ 898,787
Licenses and permits	117,553	42,231	--	159,784
Use of money and property	135,713	62,989	7,596	206,298
Intergovernmental	1,123,954	930,761	--	2,054,715
Charges for services	38,095	--	--	38,095
Other revenues	750	--	--	750
Total revenues	<u>2,238,502</u>	<u>1,035,981</u>	<u>83,946</u>	<u>3,358,429</u>
Expenditures				
Current:				
Public safety	312,987	--	--	312,987
Transportation	651,595	--	--	651,595
Community development	230,599	--	--	230,599
Recreation and culture	17,586	--	--	17,586
Debt Service:				
Principal	122,161	--	140,000	262,161
Interest	--	--	18,035	18,035
Capital outlay	609,136	941,970	--	1,551,106
Total expenditures	<u>1,944,064</u>	<u>941,970</u>	<u>158,035</u>	<u>3,044,069</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>294,438</u>	<u>94,011</u>	<u>(74,089)</u>	<u>314,360</u>
Other Financing Sources (Uses)				
Transfers in	136,616	--	--	136,616
Transfers out	(236,616)	--	--	(236,616)
Total other financing sources (uses)	<u>(100,000)</u>	<u>--</u>	<u>--</u>	<u>(100,000)</u>
Net change in fund balances	194,438	94,011	(74,089)	214,360
Fund balances, beginning of year	<u>3,009,573</u>	<u>1,236,642</u>	<u>285,509</u>	<u>4,531,724</u>
Fund balances, end of year	<u><u>\$ 3,204,011</u></u>	<u><u>\$ 1,330,653</u></u>	<u><u>\$ 211,420</u></u>	<u><u>\$ 4,746,084</u></u>

SPECIAL REVENUE FUNDS

DEFINITION

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. Special Revenue Funds include:

Nonmajor Special Revenue Funds

Gas Tax Fund

The Gas Tax fund accounts for gas tax revenue allocations from the State. Funds received are restricted to expenditures for street maintenance, traffic safety, and construction.

Transit

The Transit Fund is used to account for all revenues and expenditures necessary to provide public transit services and to construct and maintain transit related facilities and infrastructure.

Auburn Urban Development Authority Fund

The Auburn Urban Development Authority (AUDA) provides essential funding for capital projects, housing projects, studies, planning and development efforts which are focused on the economic development of blighted areas within the City.

Property Seizures Fund

This fund accounts for cash and assets seized as a result of law enforcement activities. Generally, such funds are held on deposit until expiration of the required holding period and/or funds are provided to appropriate parties.

Merchant's Council Fund

This fund is used to account for business improvement district fees received by the City for the Downtown Business Association. Funds received are periodically allocated to the association for appropriate use.

Historic Auburn Fund

This fund is used to account for business improvement district fees received by the City for the Old Town Business Association. Funds received are periodically allocated to the association for appropriate use.

Maidu Fire Station Fund

This fund accounts for development impact fees received for the maintenance and upkeep of the Maidu Fire Station. The Fire Department periodically appropriates these funds towards upkeep of the station and for the purchase of new equipment.

Solid Waste Management Funds

The Solid Waste Management Funds are used to account for recycling programs funded by State grants and program expenditures related to the City's closed landfill located at the Auburn Municipal Airport.

Office of Traffic Safety Grant Fund

The Office of Traffic Safety (OTS) Grant Fund is used to account for OTS grant funds received and the corresponding eligible expenditures as authorized by the grants.

State Law Enforcement Personnel Grant Fund

The State Law Enforcement Personnel Grant Fund accounts for grant revenues received from the State which must be wholly spent for Law Enforcement personnel. These funds reimburse the General Fund for approximately 2.0 FTE Police Officers.

Facilities and Equipment Plan Fund

The Facilities and Equipment Plan Fund accounts for revenues received through mitigation fees assessed on construction of new residential units and renovation of commercial and industrial spaces. Revenues received are used to fund recurring capital outlay as it relates to the purchase of equipment for citywide departments.

Other Miscellaneous Grant Funds

These funds account for grant revenues received for public safety (i.e. FEMA / Law Enforcement) activities. Generally, these funds must be used appropriated for specific law enforcement and fire activities.

CITY OF AUBURN

Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2008

	State Gas Tax	Transit	Redevelop- ment
Assets			
Cash and investments	\$ 61,570	\$ --	\$ 1,618,959
Restricted cash	--	--	--
Accounts receivable	--	--	--
Taxes receivable	--	--	48,139
Due from other agencies	86,833	128,950	--
	<u>86,833</u>	<u>128,950</u>	<u>--</u>
Total assets	<u>\$ 148,403</u>	<u>\$ 128,950</u>	<u>\$ 1,667,098</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 13,400	\$ 52,029	\$ 11,959
Due to other funds	--	58,964	--
Deferred revenues	86,833	17,957	--
	<u>86,833</u>	<u>17,957</u>	<u>--</u>
Total liabilities	<u>100,233</u>	<u>128,950</u>	<u>11,959</u>
Fund Balances:			
Unreserved:			
Undesignated	48,170	--	1,655,139
	<u>48,170</u>	<u>--</u>	<u>1,655,139</u>
Total fund balances	<u>48,170</u>	<u>--</u>	<u>1,655,139</u>
Total liabilities and fund balances	<u>\$ 148,403</u>	<u>\$ 128,950</u>	<u>\$ 1,667,098</u>

continued

CITY OF AUBURN

Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2008

	Property Seizures	Merchant's Council	Historic Auburn
Assets			
Cash and investments	\$ 580	\$ 729	\$ 3,302
Restricted cash	--	--	--
Accounts receivable	--	--	--
Taxes receivable	--	--	--
Due from other agencies	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 580</u>	<u>\$ 729</u>	<u>\$ 3,302</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ --	\$ --	\$ --
Due to other funds	--	--	--
Deferred revenues	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>	<u> </u>
Fund Balances:			
Unreserved:			
Undesignated	<u>580</u>	<u>729</u>	<u>3,302</u>
Total fund balances	<u>580</u>	<u>729</u>	<u>3,302</u>
Total liabilities and fund balances	<u>\$ 580</u>	<u>\$ 729</u>	<u>\$ 3,302</u>

continued

CITY OF AUBURN

Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2008

	Maidu Fire Station	Solid Waste Program	OTS Grant
Assets			
Cash and investments	\$ 38,265	\$ 10,118	\$ 1,205
Restricted cash	--	1,165,628	--
Accounts receivable	--	34,392	--
Taxes receivable	--	--	--
Due from other agencies	--	--	37,828
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 38,265</u>	<u>\$ 1,210,138</u>	<u>\$ 39,033</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ --	\$ --	\$ 16,462
Due to other funds	--	--	22,591
Deferred revenues	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>	<u>39,053</u>
Fund Balances:			
Unreserved:			
Undesignated	<u>38,265</u>	<u>1,210,138</u>	<u>(20)</u>
Total fund balances	<u>38,265</u>	<u>1,210,138</u>	<u>(20)</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 38,265</u>	<u>\$ 1,210,138</u>	<u>\$ 39,033</u>

continued

CITY OF AUBURN

Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2008

	Law Enforcement Grant	Facilities and Equipment	Miscellaneous Grants	Total
Assets				
Cash and investments	\$ --	\$ 182,705	\$ 66,944	\$ 1,984,377
Restricted cash	--	--	--	1,165,628
Accounts receivable	--	--	--	34,392
Taxes receivable	--	--	--	48,139
Due from other agencies	--	--	--	253,611
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ --</u>	<u>\$ 182,705</u>	<u>\$ 66,944</u>	<u>\$ 3,486,147</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ 1,941	\$ --	\$ 95,791
Due to other funds	--	--	--	81,555
Deferred revenues	--	--	--	104,790
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> --	<hr/> 1,941	<hr/> --	<hr/> 282,136
Fund Balances:				
Unreserved:				
Undesignated	<hr/> --	<hr/> 180,764	<hr/> 66,944	<hr/> 3,204,011
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/> --	<hr/> 180,764	<hr/> 66,944	<hr/> 3,204,011
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ --</u>	<u>\$ 182,705</u>	<u>\$ 66,944</u>	<u>\$ 3,486,147</u>

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	State Gas Tax	Transit	Redevelop- ment
Revenues			
Taxes	\$ --	\$ --	\$ 683,079
Licenses and permits	--	62	--
Use of money and property	2,709	(1,682)	72,820
Intergovernmental	165,346	715,379	--
Charges for services	--	38,095	--
Other revenues	--	750	--
Total revenues	<u>168,055</u>	<u>752,604</u>	<u>755,899</u>
Expenditures			
Current:			
Public safety	--	--	--
Transportation	176,357	450,166	--
Community development	--	--	192,767
Recreation and culture	--	--	--
Debt Service:			
Principal	--	--	25,303
Capital outlay	--	302,438	306,698
Total expenditures	<u>176,357</u>	<u>752,604</u>	<u>524,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,302)</u>	<u>--</u>	<u>231,131</u>
Other Financing Sources (Uses)			
Transfers in	--	--	136,616
Transfers out	--	--	(136,616)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(8,302)	--	231,131
Fund balances, beginning of year	<u>56,472</u>	<u>--</u>	<u>1,424,008</u>
Fund balances, end of year	<u>\$ 48,170</u>	<u>\$ --</u>	<u>\$ 1,655,139</u>

continued

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	Property Seizures	Merchant's Council	Historic Auburn
Revenues			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	37,895	18,825
Use of money and property	--	--	--
Intergovernmental	--	--	--
Charges for services	--	--	--
Other revenues	--	--	--
Total revenues	<u>--</u>	<u>37,895</u>	<u>18,825</u>
Expenditures			
Current:			
Public safety	--	--	--
Transportation	--	--	--
Community development	--	37,832	--
Recreation and culture	--	--	17,586
Debt Service:			
Principal	--	--	--
Capital outlay	--	--	--
Total expenditures	<u>--</u>	<u>37,832</u>	<u>17,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>63</u>	<u>1,239</u>
Other Financing Sources (Uses)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	63	1,239
Fund balances, beginning of year	<u>580</u>	<u>666</u>	<u>2,063</u>
Fund balances, end of year	<u><u>\$ 580</u></u>	<u><u>\$ 729</u></u>	<u><u>\$ 3,302</u></u>

continued

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	Maidu Fire Station	Solid Waste Program	OTS Grant
Revenues			
Taxes	\$ --	\$ 139,358	\$ --
Licenses and permits	--	--	--
Use of money and property	--	52,468	--
Intergovernmental	--	5,000	89,703
Charges for services	--	--	--
Other revenues	--	--	--
Total revenues	<u>--</u>	<u>196,826</u>	<u>89,703</u>
Expenditures			
Current:			
Public safety	--	195,742	97,874
Transportation	--	--	--
Community development	--	--	--
Recreation and culture	--	--	--
Debt Service:			
Principal	--	--	--
Capital outlay	--	--	--
Total expenditures	<u>--</u>	<u>195,742</u>	<u>97,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>1,084</u>	<u>(8,171)</u>
Other Financing Sources (Uses)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	1,084	(8,171)
Fund balances, beginning of year	<u>38,265</u>	<u>1,209,054</u>	<u>8,151</u>
Fund balances, end of year	<u>\$ 38,265</u>	<u>\$ 1,210,138</u>	<u>\$ (20)</u>

continued

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	Law Enforcement Grant	Facilities and Equipment	Miscellaneous Grants	Total
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ 822,437
Licenses and permits	--	60,771	--	117,553
Use of money and property	--	9,398	--	135,713
Intergovernmental	100,000	25,000	23,526	1,123,954
Charges for services	--	--	--	38,095
Other revenues	--	--	--	750
Total revenues	<u>100,000</u>	<u>95,169</u>	<u>23,526</u>	<u>2,238,502</u>
Expenditures				
Current:				
Public safety	--	8,229	11,142	312,987
Transportation	--	25,072	--	651,595
Community development	--	--	--	230,599
Recreation and culture	--	--	--	17,586
Debt Service:				
Principal	--	96,858	--	122,161
Capital outlay	--	--	--	609,136
Total expenditures	<u>--</u>	<u>130,159</u>	<u>11,142</u>	<u>1,944,064</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,000</u>	<u>(34,990)</u>	<u>12,384</u>	<u>294,438</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	136,616
Transfers out	<u>(100,000)</u>	<u>--</u>	<u>--</u>	<u>(236,616)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>--</u>	<u>--</u>	<u>(100,000)</u>
Net change in fund balances	--	(34,990)	12,384	194,438
Fund balances, beginning of year	<u>--</u>	<u>215,754</u>	<u>54,560</u>	<u>3,009,573</u>
Fund balances, end of year	<u><u>\$ --</u></u>	<u><u>\$ 180,764</u></u>	<u><u>\$ 66,944</u></u>	<u><u>\$ 3,204,011</u></u>

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

	Law Enforcement Grant	Facilities and Equipment	Miscellaneous Grants	Total
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ 822,437
Licenses and permits	--	60,771	--	117,553
Use of money and property	--	9,398	--	135,713
Intergovernmental	100,000	25,000	23,526	1,123,954
Charges for services	--	--	--	38,095
Other revenues	--	--	--	750
Total revenues	<u>100,000</u>	<u>95,169</u>	<u>23,526</u>	<u>2,238,502</u>
Expenditures				
Current:				
Public safety	--	8,229	11,142	312,987
Transportation	--	25,072	--	651,595
Community development	--	--	--	230,599
Recreation and culture	--	--	--	17,586
Debt Service:				
Principal	--	96,858	--	122,161
Capital outlay	--	--	--	609,136
Total expenditures	<u>--</u>	<u>130,159</u>	<u>11,142</u>	<u>1,944,064</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,000</u>	<u>(34,990)</u>	<u>12,384</u>	<u>294,438</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	136,616
Transfers out	<u>(100,000)</u>	<u>--</u>	<u>--</u>	<u>(236,616)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>--</u>	<u>--</u>	<u>(100,000)</u>
Net change in fund balances	--	(34,990)	12,384	194,438
Fund balances, beginning of year	<u>--</u>	<u>215,754</u>	<u>54,560</u>	<u>3,009,573</u>
Fund balances, end of year	<u>\$ --</u>	<u>\$ 180,764</u>	<u>\$ 66,944</u>	<u>\$ 3,204,011</u>

CITY OF AUBURN

Budgetary Comparison Schedule State Gas Tax Fund For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 44,169	\$ 56,472	\$ 56,472	\$ --
Resources (inflows):				
Use of money and property	1,500	1,500	2,709	1,209
Intergovernmental	254,000	254,000	165,346	(88,654)
Amounts available for appropriation	255,500	255,500	168,055	(87,445)
Charges to appropriations (outflows):				
Current:				
Transportation	177,000	177,000	176,357	643
Capital outlay	100,000	100,000	--	100,000
Total charges to appropriations	277,000	277,000	176,357	100,643
Budgetary fund balances, June 30	<u>\$ 22,669</u>	<u>\$ 34,972</u>	<u>\$ 48,170</u>	<u>\$ 13,198</u>

CITY OF AUBURN

Budgetary Comparison Schedule Transit For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 138,299	\$ --	\$ --	\$ --
Resources (inflows):				
Licenses and permits	--	--	62	62
Use of money and property	8,000	8,000	(1,682)	(9,682)
Intergovernmental	781,964	781,964	715,379	(66,585)
Charges for services	30,000	30,000	38,095	8,095
Other revenues	--	--	750	750
Amounts available for appropriation	<u>819,964</u>	<u>819,964</u>	<u>752,604</u>	<u>(67,360)</u>
Charges to appropriations (outflows):				
Current:				
Transportation	403,019	403,019	450,166	(47,147)
Capital outlay	485,175	485,175	302,438	182,737
Transfers to other funds	31,821	31,821	--	31,821
Total charges to appropriations	<u>920,015</u>	<u>920,015</u>	<u>752,604</u>	<u>167,411</u>
Budgetary fund balances, June 30	<u>\$ 38,248</u>	<u>\$ (100,051)</u>	<u>\$ --</u>	<u>\$ 100,051</u>

CITY OF AUBURN

Budgetary Comparison Schedule Redevelopment For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 1,412,162	\$ 1,424,008	\$ 1,424,008	\$ --
Resources (inflows):				
Taxes	560,000		683,079	683,079
Use of money and property	73,000		72,820	72,820
Transfers from other funds	112,000		136,616	136,616
Amounts available for appropriation	<u>745,000</u>	<u>--</u>	<u>892,515</u>	<u>892,515</u>
Charges to appropriations (outflows):				
Current:				
Community development	450,000	450,000	192,767	257,233
Debt service	25,306	25,306	25,303	3
Capital outlay	--	--	306,698	(306,698)
Transfers to other funds	<u>232,707</u>	<u>232,707</u>	<u>136,616</u>	<u>96,091</u>
Total charges to appropriations	<u>708,013</u>	<u>708,013</u>	<u>661,384</u>	<u>46,629</u>
Budgetary fund balances, June 30	<u><u>\$ 1,449,149</u></u>	<u><u>\$ 715,995</u></u>	<u><u>\$ 1,655,139</u></u>	<u><u>\$ 939,144</u></u>

CITY OF AUBURN

Budgetary Comparison Schedule Solid Waste Program For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 1,188,398	\$ 1,209,054	1,209,054	\$ --
Resources (inflows):				
Taxes	145,000	145,000	139,358	(5,642)
Use of money and property	75,000	75,000	52,468	(22,532)
Intergovernmental	5,000	5,000	5,000	--
Amounts available for appropriation	<u>225,000</u>	<u>225,000</u>	<u>196,826</u>	<u>(28,174)</u>
Charges to appropriations (outflows):				
Current:				
Public safety	<u>281,500</u>	<u>281,500</u>	<u>195,742</u>	<u>85,758</u>
Total charges to appropriations	<u>281,500</u>	<u>281,500</u>	<u>195,742</u>	<u>85,758</u>
Budgetary fund balances, June 30	<u>\$ 1,131,898</u>	<u>\$ 1,152,554</u>	<u>\$ 1,210,138</u>	<u>\$ 57,584</u>

CITY OF AUBURN

Budgetary Comparison Schedule OTS Grant For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ --	\$ 8,151	8,151	\$ --
Resources (inflows):				
Intergovernmental	93,795	93,795	89,703	(4,092)
Amounts available for appropriation	93,795	93,795	89,703	(4,092)
Charges to appropriations (outflows):				
Current:				
Public safety	93,795	93,795	97,874	(4,079)
Total charges to appropriations	93,795	93,795	97,874	(4,079)
Budgetary fund balances, June 30	\$ --	\$ 8,151	\$ (20)	\$ (8,171)

CITY OF AUBURN

Budgetary Comparison Schedule Law Enforcement Grant For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ --	\$ --	--	\$ --
Resources (inflows):				
Intergovernmental	100,000	100,000	100,000	--
Amounts available for appropriation	100,000	100,000	100,000	--
Charges to appropriations (outflows):				
Transfer to other funds	100,000	100,000	100,000	--
Total charges to appropriations	100,000	100,000	100,000	--
Budgetary fund balances, June 30	\$ --	\$ --	\$ --	\$ --

CITY OF AUBURN

Budgetary Comparison Schedule Facilities and Equipment For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 177,140	\$ 215,754	\$ 215,754	\$ --
Resources (inflows):				
Licenses and permits	100,000	100,000	60,771	(39,229)
Use of money and property	8,000	8,000	9,398	1,398
Intergovernmental	--	--	25,000	25,000
Transfers from other funds	16,500	16,500	--	(16,500)
Amounts available for appropriation	<u>124,500</u>	<u>124,500</u>	<u>95,169</u>	<u>(29,331)</u>
Charges to appropriations (outflows):				
Current:				
Public safety	--	--	8,229	(8,229)
Transportation	--	--	25,072	(25,072)
Debt service	96,858	96,858	96,858	--
Capital outlay	60,000	60,000	--	60,000
Total charges to appropriations	<u>156,858</u>	<u>156,858</u>	<u>130,159</u>	<u>26,699</u>
Budgetary fund balances, June 30	<u>\$ 144,782</u>	<u>\$ 183,396</u>	<u>\$ 180,764</u>	<u>\$ (2,632)</u>

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CAPITAL PROJECTS FUNDS

DEFINITION

The Capital Projects Funds were established to account for financial resources for the acquisition or construction of major capital facilities.

Nonmajor Capital Projects Funds

Auburn School Park Relocation / Park Preserve Funds

The Auburn School Park Relocation and Park Preserve (ASPP) Funds account for the capital costs of relocating the Auburn School and subsequent development of a park where the school once resided. In FY 2005-06, a \$1.5 million “loan” was provided to the ASPP Fund from the City’s General Fund for payment to the Army Corp of Engineers for related project costs (the Army Corp of Engineers will manage the construction of the Park). The City expects to receive the \$1.5 million back in the form of community support for the park project once the project is underway. Construction on the park project commenced during FY 2006-07.

Project Fund

This fund accounts for traffic mitigation fees collected for numerous project areas citywide. Funds collected for each project area may only be used for traffic mitigation projects within boundaries defined by each fee area resolution.

Highway 49 Beautification Plan Fund

The Highway 49 Beautification Plan Fund accounts for project costs specifically related to Highway 49. These funds may be used for eligible projects along the Highway 49 corridor.

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CITY OF AUBURN

Combining Balance Sheet Nonmajor Capital Projects Funds June 30, 2008

	AUSD Park Preserve	Project Fund	Hwy 49 Beautification	Total
Assets				
Cash and investments	\$ 83,388	\$ 1,197,590	\$ 67,715	\$ 1,348,693
Total assets	<u>\$ 83,388</u>	<u>\$ 1,197,590</u>	<u>\$ 67,715</u>	<u>\$ 1,348,693</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 16,722	\$ --	\$ --	\$ 16,722
Deposits	<u>--</u>	<u>--</u>	<u>1,318</u>	<u>1,318</u>
Total liabilities	<u>16,722</u>	<u>--</u>	<u>1,318</u>	<u>18,040</u>
Fund Balances:				
Unreserved:				
Undesignated	<u>66,666</u>	<u>1,197,590</u>	<u>66,397</u>	<u>1,330,653</u>
Total fund balances	<u>66,666</u>	<u>1,197,590</u>	<u>66,397</u>	<u>1,330,653</u>
Total liabilities and fund balances	<u>\$ 83,388</u>	<u>\$ 1,197,590</u>	<u>\$ 67,715</u>	<u>\$ 1,348,693</u>

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Year Ended June 30, 2008

	AUSD Park Preserve	Project Fund	Hwy 49 Beautification	Total
Revenues				
Licenses and permits	\$ --	\$ 42,231	\$ --	\$ 42,231
Use of money and property	3,565	56,244	3,180	62,989
Intergovernmental	930,761	--	--	930,761
	<u>934,326</u>	<u>98,475</u>	<u>3,180</u>	<u>1,035,981</u>
Total revenues				
	<u>934,326</u>	<u>98,475</u>	<u>3,180</u>	<u>1,035,981</u>
Expenditures				
Capital outlay	<u>905,754</u>	<u>36,097</u>	<u>119</u>	<u>941,970</u>
Total expenditures	<u>905,754</u>	<u>36,097</u>	<u>119</u>	<u>941,970</u>
Net change in fund balances	28,572	62,378	3,061	94,011
Fund balances, beginning of year	<u>38,094</u>	<u>1,135,212</u>	<u>63,336</u>	<u>1,236,642</u>
Fund balances, end of year	<u><u>\$ 66,666</u></u>	<u><u>\$ 1,197,590</u></u>	<u><u>\$ 66,397</u></u>	<u><u>\$ 1,330,653</u></u>

CITY OF AUBURN

Budgetary Comparison Schedule Nonmajor Capital Projects Funds Hwy 49 Beautification For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 64,857	\$ 63,336	\$ 63,336	\$ --
Resources (inflows):				
Use of money and property	3,250	3,250	3,180	(70)
Amounts available for appropriation	3,250	3,250	3,180	(70)
Charges to appropriations (outflows):				
Capital outlay	--	--	119	(119)
Total charges to appropriations	--	--	119	(119)
Budgetary fund balances, June 30	<u>\$ 68,107</u>	<u>\$ 66,586</u>	<u>\$ 66,397</u>	<u>\$ (189)</u>

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DEBT SERVICE FUNDS

DEFINITION

The Debt Service is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. Nonmajor debt service funds include:

Nonmajor Debt Service Funds

Government Obligation (GO) Bond Debt Service Fund

The GO Bond Debt Service Fund accounts for the receipt of revenues collected with property taxes which support the repayment of bonds issued for the Civic Center.

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CITY OF AUBURN

Budgetary Comparison Schedule Nonmajor Debt Service Funds General Obligation Bonds For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 283,136	\$ 285,509	\$ 285,509	\$ --
Resources (inflows):				
Taxes	30,000	176,880	76,350	(100,530)
Use of money and property	4,000	9,000	7,596	(1,404)
Amounts available for appropriation	34,000	185,880	83,946	(101,934)
Charges to appropriations (outflows):				
Debt service	157,600	157,600	158,035	(435)
Total charges to appropriations	157,600	157,600	158,035	(435)
Budgetary fund balances, June 30	<u>\$ 159,536</u>	<u>\$ 313,789</u>	<u>\$ 211,420</u>	<u>\$ (102,369)</u>

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FIDUCIARY FUNDS

Agency Funds – These funds account for assets held by the City for various local governments and other organizations.

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CITY OF AUBURN

Combining Statement of Fiduciary Net Assets

Agency Funds

June 30, 2008

	Cable TV Access Fees	Recreation Park Development	Fire Safety Council
Assets			
Cash and investments	\$ 7,165	\$ 1,161	\$ 2,566
Accounts receivable	<u>1,774</u>	<u>--</u>	<u>--</u>
Total assets	<u><u>\$ 8,939</u></u>	<u><u>\$ 1,161</u></u>	<u><u>\$ 2,566</u></u>
Liabilities			
Accounts payable	\$ --	\$ --	\$ --
Agency obligations	<u>8,939</u>	<u>1,161</u>	<u>2,566</u>
Total liabilities	<u><u>\$ 8,939</u></u>	<u><u>\$ 1,161</u></u>	<u><u>\$ 2,566</u></u>

continued

CITY OF AUBURN

Combining Statement of Fiduciary Net Assets (continued)

Agency Funds

June 30, 2008

	Placer County Facilities Fee	Payroll Clearing	Total
Assets			
Cash and investments	\$ 6,301	\$ 31,052	\$ 48,245
Accounts receivable	--	5,050	6,824
Total assets	<u>\$ 6,301</u>	<u>\$ 36,102</u>	<u>\$ 55,069</u>
Liabilities			
Accounts payable	\$ --	\$ 29,590	\$ 29,590
Agency obligations	6,301	6,512	25,479
Total liabilities	<u>\$ 6,301</u>	<u>\$ 36,102</u>	<u>\$ 55,069</u>

CITY OF AUBURN

Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Cable TV Access Fees				
Assets:				
Cash and investments	\$ 7,762	\$ --	\$ 597	\$ 7,165
Accounts receivable	--	1,774	--	1,774
Total assets	<u>\$ 7,762</u>	<u>\$ 1,774</u>	<u>\$ 597</u>	<u>\$ 8,939</u>
Liabilities:				
Agency obligations	<u>\$ 7,762</u>	<u>\$ 35,577</u>	<u>\$ 34,400</u>	<u>\$ 8,939</u>
Recreation Park Development				
Assets:				
Cash and investments	<u>\$ 1,109</u>	<u>\$ 81</u>	<u>\$ 29</u>	<u>\$ 1,161</u>
Liabilities:				
Agency obligations	<u>\$ 1,109</u>	<u>\$ 85</u>	<u>\$ 33</u>	<u>\$ 1,161</u>
Fire Safety Council				
Assets:				
Cash and investments	<u>\$ 5,224</u>	<u>\$ 5,331</u>	<u>\$ 7,989</u>	<u>\$ 2,566</u>
Liabilities:				
Agency obligations	<u>\$ 5,224</u>	<u>\$ 10,379</u>	<u>\$ 13,037</u>	<u>\$ 2,566</u>
Placer County Facilities Fee				
Assets:				
Cash and investments	<u>\$ 15,833</u>	<u>\$ 48,399</u>	<u>\$ 57,931</u>	<u>\$ 6,301</u>
Liabilities:				
Agency obligations	<u>\$ 15,833</u>	<u>\$ 90,794</u>	<u>\$ 100,326</u>	<u>\$ 6,301</u>
Payroll Clearing				
Assets:				
Cash and investments	\$ --	\$ 6,910,887	\$ 6,879,835	\$ 31,052
Accounts receivable	9,837	--	4,787	5,050
Total assets	<u>\$ 9,837</u>	<u>\$ 6,910,887</u>	<u>\$ 6,884,622</u>	<u>\$ 36,102</u>
Liabilities:				
Accounts payable	\$ 10,991	\$ 468,047	\$ 449,448	\$ 29,590
Agency obligations	(1,154)	6,923,881	6,916,215	6,512
Total liabilities	<u>\$ 9,837</u>	<u>\$ 7,391,928</u>	<u>\$ 7,365,663</u>	<u>\$ 36,102</u>

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Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2008

Statistical Section

Statistical Section

This part of the comprehensive annual financial report for the City of Auburn presents detailed information as a context for understanding what the information in financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

GASB issued Statement No. 44, Economic Conditions Reporting; The Statistical Section – an amendment of NCGA Statement 1. This statement amends the portions of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. During fiscal year 2005-06, the City implemented this statement and added new information that financial statement users have identified as important.

Contents

Schedule

Financial Trends I - IV

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity V – VIII

These schedules contain information to help the reader assess the City's most significant local revenue source, which is property tax.

Debt Capacity IX – XII

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information XIII – XV

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information XVI – XVII

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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CITY OF AUBURN
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
Governmental Activities					
Invested in capital assets, net of related debt	\$ 9,219,557	\$ 11,455,672	\$ 12,112,065	\$ 13,711,814	\$ 14,935,931
Restricted	2,459,174	2,472,114	3,897,934	4,662,291	3,653,807
Unrestricted	3,127,481	3,826,830	4,049,964	2,001,513	2,860,462
Total governmental activities net assets	<u>\$ 14,806,212</u>	<u>\$ 17,754,616</u>	<u>\$ 20,059,963</u>	<u>\$ 20,375,618</u>	<u>\$ 21,450,200</u>
Business-type Activities					
Invested in capital assets, net of related debt	\$ 14,206,489	\$ 14,150,118	\$ 14,898,745	\$ 16,775,408	\$ 16,307,102
Restricted	--	41,840	41,840	13,250	--
Unrestricted	4,858,983	5,125,958	4,566,907	3,567,844	5,089,154
Total business-type activities	<u>\$ 19,065,472</u>	<u>\$ 19,317,916</u>	<u>\$ 19,507,492</u>	<u>\$ 20,356,502</u>	<u>\$ 21,396,256</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 23,426,046	\$ 25,605,790	\$ 27,010,810	\$ 30,487,222	\$ 31,243,033
Restricted	2,459,174	2,513,954	3,939,774	4,675,541	3,653,807
Unrestricted	7,986,464	8,952,788	8,616,871	5,569,357	7,949,616
Total primary government net assets	<u>\$ 33,871,684</u>	<u>\$ 37,072,532</u>	<u>\$ 39,567,455</u>	<u>\$ 40,732,120</u>	<u>\$ 42,846,456</u>

Note:

The City of Auburn implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is unavailable.

**CITY OF AUBURN
CHANGE IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
Expenses					
Governmental activities:					
General government					
Public safety	\$ 1,835,478	\$ 2,058,232	\$ 1,783,691	\$ 2,325,979	\$ 2,067,619
Transportation	4,619,641	4,745,520	5,385,966	5,916,568	5,866,706
Community development	1,713,258	1,136,527	2,691,900	4,343,717	3,165,262
Recreation and culture	593,072	948,515	1,483,471	1,748,798	1,443,691
Interest on long-term debt	--	--	18,308	20,654	17,586
Total governmental activities expenses	173,235	48,009	50,740	575,295	301,594
	<u>8,934,684</u>	<u>8,936,803</u>	<u>11,414,076</u>	<u>14,931,011</u>	<u>12,862,458</u>
Business-type activities:					
Auburn Municipal Airport	610,851	641,157	774,459	740,501	615,186
Wastewater Treatment Plant	2,488,911	2,276,655	2,852,847	3,132,068	3,561,773
Total business-type activities expenses	<u>3,099,762</u>	<u>2,917,812</u>	<u>3,627,306</u>	<u>3,872,569</u>	<u>4,176,959</u>
Total primary government expenses	<u>12,034,446</u>	<u>11,854,615</u>	<u>15,041,382</u>	<u>18,803,580</u>	<u>17,039,417</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	589,308	711,105	1,538,236	391,510	797,693
Public safety	663,715	642,003	9,660	167,362	279,340
Transportation	211,933	315,400	27,528	97,042	137,199
Community development	416,660	413,458	--	513,221	325,663
Recreation and culture	--	--	--	19,885	18,825
Operating grants and contributions	2,028,080	1,483,658	2,378,837	2,543,309	1,557,120
Capital grants and contributions	1,935,210	201,773	684,447	1,284,923	1,313,832
Total governmental program revenues	<u>5,844,906</u>	<u>3,767,397</u>	<u>4,638,708</u>	<u>5,017,252</u>	<u>4,429,672</u>
Business-type activities:					
Charges for services:					
Auburn Municipal Airport	71,800	104,223	113,472	14,887	556,139
Wastewater Treatment Plant	2,941,660	2,773,504	2,941,471	2,861,434	4,386,520
Operating grants and contributions	--	--	--	49,500	26,775
Capital grants and contributions	611,500	61,586	238,136	1,063,925	34,824
Total business-type activities program revenues	<u>3,624,960</u>	<u>2,939,313</u>	<u>3,293,079</u>	<u>3,989,746</u>	<u>5,004,258</u>
Total primary government revenues	<u>\$ 9,469,866</u>	<u>\$ 6,706,710</u>	<u>\$ 7,931,787</u>	<u>\$ 9,006,998</u>	<u>\$ 9,433,930</u>

continued

CITY OF AUBURN
CHANGE IN NET ASSETS (continued)
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
Net (Expenses) Revenues					
Governmental activities	\$ (3,089,778)	\$ (5,169,406)	\$ (6,775,368)	\$ (9,913,759)	\$ (8,432,786)
Business-type activities	525,198	21,501	(334,227)	117,177	827,299
Total primary government	(2,564,580)	(5,147,905)	(7,109,595)	(9,796,582)	(7,605,487)
General Revenue and Other Changes in Net Assets					
Governmental activities					
Taxes:					
Property	2,258,103	3,256,499	3,682,204	4,085,695	4,195,552
Sales and use	2,776,035	2,605,488	2,922,367	3,005,226	2,889,326
In-lieu sales	--	686,335	980,145	1,376,879	1,141,045
Franchise taxes	592,670	599,725	620,185	648,170	644,702
Transient occupancy	215,627	215,627	220,388	224,755	238,608
Other taxes	78,337	148,973	128,215	92,262	49,737
Rents	293,459	316,959	297,896	312,911	--
Unrestricted interest and investment earnings	75,681	153,018	198,507	379,293	264,154
Miscellaneous revenues	--	--	33,988	102,009	84,244
Transfers	36,914	135,186	(3,180)	2,214	--
Total governmental activities	6,326,826	8,117,810	9,080,715	10,229,414	9,507,368
Business-type activities					
Property taxes	43,772	53,456	41,764	32,634	33,802
Rents	324,546	347,803	331,784	459,851	--
Unrestricted interest and investment earnings	47,647	(35,130)	126,004	241,562	178,653
Transfers	(36,914)	(135,186)	3,180	(2,214)	--
Total business-type activities	379,051	230,943	502,732	731,833	212,455
Total primary government	6,705,877	8,348,753	9,583,447	10,961,247	9,719,823
Change in Net Assets					
Governmental activities	3,237,048	2,948,404	2,305,347	315,655	1,074,582
Business-type activities	904,249	252,444	168,505	849,010	1,039,754
Total Primary government	4,141,297	3,200,848	2,473,852	1,164,665	2,114,336

Note:

The City of Auburn implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is unavailable.

SCHEDULE III

CITY OF AUBURN
FUND BALANCE, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
General Fund					
Reserved	\$ 681,845	\$ 712,214	\$ 2,364,402	\$ 1,944,442	\$ 1,520,684
Unreserved	3,381,247	4,161,059	2,865,763	2,834,572	2,608,498
Total General Fund	<u>\$ 4,063,092</u>	<u>\$ 4,873,273</u>	<u>\$ 5,230,165</u>	<u>\$ 4,779,014</u>	<u>\$ 4,129,182</u>
Other Governmental Funds					
Reserved	\$ --	\$ --	\$ 2,338	\$ --	\$ --
Unreserved, reported in:					
Special revenue funds	3,431,582	3,571,328	4,186,295	3,132,607	3,217,606
Debt service funds	109,657	168,566	254,166	285,509	211,420
Capital project funds	707,465	581,596	1,038,356	1,236,642	1,330,653
Total Other Governmental Funds	<u>\$ 4,248,704</u>	<u>\$ 4,321,490</u>	<u>\$ 5,481,155</u>	<u>\$ 4,654,758</u>	<u>\$ 4,759,679</u>

Note:

As certain data required by GASB 44 was not readily available for years prior to 2002, the City of Auburn has elected to show five years of data for this schedule.

CITY OF AUBURN
CHANGE IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
REVENUES					
Taxes	\$ 6,527,856	\$ 7,497,249	\$ 7,933,319	\$ 8,784,817	\$ 8,304,456
Franchise Fees	592,670	599,725	620,185	648,170	644,701
Licenses and permits	473,012	606,469	1,065,241	775,940	494,863
Fines, forfeitures and penalties	237,535	134,882	121,808	144,568	136,518
Use of money and property	369,143	471,087	496,403	692,204	602,385
Intergovernmental	3,208,687	1,583,310	3,063,284	3,828,232	3,095,930
Charges for services	626,231	842,603	388,375	268,512	277,297
Other revenues	124,994	25,688	33,988	102,009	84,244
Total revenues	12,160,128	11,761,013	13,722,603	15,244,452	13,640,394
EXPENDITURES					
General government	1,722,442	1,705,245	4,500,812	2,224,760	1,777,811
Public safety	4,267,351	4,606,218	7,313,153	5,742,513	5,612,110
Transportation	1,563,670	2,100,278	2,521,915	4,368,426	3,072,594
Community development	725,476	1,062,079	1,492,402	1,737,253	1,432,675
Recreation and culture	--	--	18,308	20,654	17,586
Capital outlay	3,291,566	1,345,115	1,477,368	1,802,529	1,689,495
Debt service:					
Principal	2,525,952	146,282	157,725	314,909	274,158
Interest	176,208	48,009	38,181	313,170	308,876
Total expenditures	14,272,665	11,013,226	17,519,864	16,524,214	14,185,305
Excess (deficiency) of revenues over (under) expenditures	(2,112,537)	747,787	(3,797,261)	(1,279,762)	(544,911)
OTHER FINANCING SOURCES (USES)					
Bonds issued	--	--	4,965,000	--	--
Capital lease	--	--	352,000	--	--
Transfers in	868,639	778,599	223,873	292,399	236,616
Transfers out	(831,725)	(643,414)	(227,053)	(290,185)	(236,616)
Total other financing sources (uses)	36,914	135,185	(3,180)	2,214	--
Net change in fund balance	\$ (2,075,623)	\$ 882,972	\$ (3,800,441)	\$ (1,277,548)	\$ (544,911)
Debt service as a percentage of noncapital expenditures	24.61%	2.01%	1.22%	4.35%	4.66%

Note:
As certain data required by GASB 44 was not readily available for years prior to 2002, the City of Auburn has elected to show only five years of data for this schedule.

CITY OF AUBURN
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	City				Auburn Urban Development Authority (Redevelopment Agency)				Total Direct Tax Rate	
	Less:			Direct Rate	Less:			Direct Rate		
	Secured	Unsecured	Exemptions		Taxable Assessed Value	Secured	Unsecured			Exemptions
1998-99	\$ 738,195,757	\$ 100,589,679	\$ -- (1)\$	838,785,436	0.148%	\$ 66,764,056	\$ 9,885,194	\$ --	\$ 76,649,250	0.277%
1999-2000	775,659,066	114,580,759	-- (1)	890,239,825	0.150%	67,717,345	10,423,349	--	78,140,694	0.162%
2000-01	836,846,826	131,757,047	-- (1)	968,603,873	0.149%	69,828,985	10,375,768	--	80,204,753	0.158%
2001-02	924,878,465	163,171,437	50,034,999	1,038,014,903	0.200%	74,226,618	11,382,798	--	85,609,416	0.135%
2002-03	1,000,767,284	183,554,586	52,245,073	1,132,076,797	0.197%	79,807,169	10,719,189	--	90,526,358	0.188%
2003-04	1,098,885,515	187,072,771	54,539,705	1,231,418,581	0.156%	88,588,481	9,961,089	--	98,549,570	0.173%
2004-05	1,205,735,778	184,994,566	65,101,805	1,325,628,539	0.217%	95,172,938	9,837,947	--	105,010,885	0.231%
2005-06	1,349,777,552	161,246,947	67,494,168	1,443,530,331	0.221%	102,726,618	11,721,184	--	114,447,802	0.239%
2006-07	1,524,979,595	161,724,477	71,295,420	1,615,408,652	0.216%	111,839,121	12,388,015	--	124,227,136	0.235%
2007-08	1,629,447,870	160,794,104	71,837,516	1,718,404,458	0.204%	117,920,048	13,950,748	--	131,870,796	0.225%

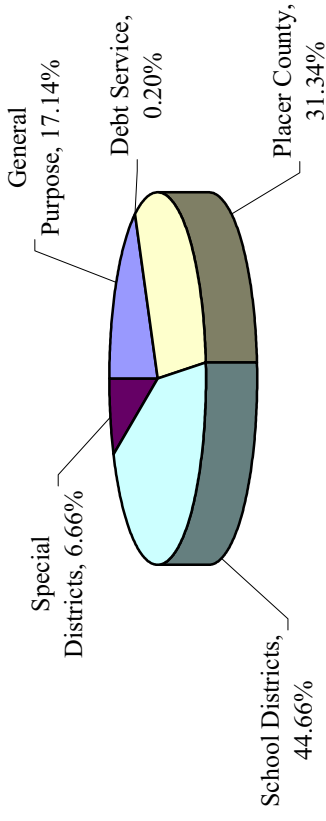
(1) Exemption information is unavailable for years prior to FY 2001-02.

Note:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property tax may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Auditor-Controllers Office, County of Placer

CITY OF AUBURN
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS



Fiscal Year	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
City of Auburn										
General Purpose	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175
Debt Service	0.019	0.017	0.016	0.017	0.015	0.013	0.012	0.013	0.007	0.002
	0.194	0.192	0.191	0.192	0.190	0.188	0.187	0.188	0.182	0.177
Placer County	0.334	0.330	0.330	0.328	0.326	0.321	0.320	0.320	0.320	0.320
School districts	0.430	0.434	0.448	0.447	0.447	0.455	0.455	0.452	0.452	0.456
Special districts	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068
	1.026	1.024	1.037	1.035	1.031	1.032	1.030	1.028	1.022	1.021

Note:

1. The above tax rates are applied per \$100 of assessed valuation.
2. In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of school district bonds.

Source: Auditor-Controllers Office, County of Placer

SCHEDULE VII

CITY OF AUBURN
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	FY 2007-08		FY 1998-99	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Reneson Hotels, Inc.	\$ 13,512,430	0.730%	<i>not available</i>	--
Regal Cinemas, Inc.	10,271,606	0.705%	<i>not available</i>	--
RMP Properties, LLC	6,222,000	0.427%	<i>not available</i>	--
UAIC Development Corporation	5,349,193	0.367%	<i>not available</i>	--
Foothill Terrace Investors	5,138,474	0.352%	<i>not available</i>	--
Lee, Alfred & Peggy	5,090,540	0.349%	<i>not available</i>	--
Auburn Town Square, LLC	4,961,881	0.340%	<i>not available</i>	--
Auburn Creekside Buildings A & E LLC	4,652,019	0.319%	<i>not available</i>	--
Rolf S. & Leslie M. Howard, Trustees	4,611,532	0.316%	<i>not available</i>	--
1616 I Street Properties	4,100,400	0.281%	<i>not available</i>	--
Total assessed property valuation	\$ 63,910,075	4.187%	<i>not available</i>	\$ --
Total City of Auburn assessed property valuation (including AUDA):				
Fiscal Year 2007-08	\$ 1,850,275,254			
Fiscal Year 1998-99			\$ 915,434,686	

Note:

As some information required by GASB 44 is not readily available, data for FY 1997-98 is not shown in the schedule.

Source: Auditor-Controllers Office, County of Placer

SCHEDULE VIII

**CITY OF AUBURN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levied Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1998-99	\$ 1,457,605	\$ 1,430,024	98.1%	--	\$ 1,430,024	98.1%
1999-2000	1,573,407	1,532,769	97.4%	--	1,532,769	97.4%
2000-01	1,692,780	1,663,552	98.3%	--	1,663,552	98.3%
2001-02	1,825,238	1,764,962	96.7%	--	1,764,962	96.7%
2002-03	2,131,441	2,295,582	107.7%	--	2,295,582	107.7%
2003-04	2,321,327	2,301,875	99.2%	--	2,301,875	99.2%
2004-05	3,256,499	3,309,955	101.6%	--	3,309,955	101.6%
2005-06	3,562,725	3,723,878	104.5%	--	3,723,878	104.5%
2006-07	4,074,600	4,118,329	101.1%	--	4,118,329	101.1%
2007-08	4,226,636	4,402,015	104.1%	--	4,402,015	104.1%

Source: Auditor-Controllers Office, County of Placer
Administrative Services Department, City of Auburn

CITY OF AUBURN
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

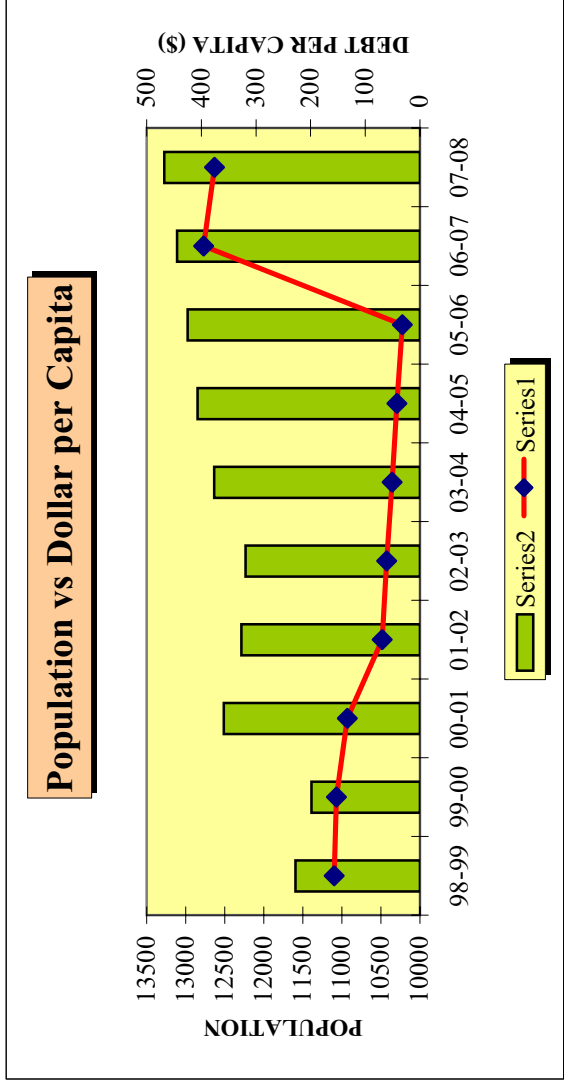
Fiscal Year	Governmental Activities					Total Governmental Activities
	General Obligation Bonds	COPS (1) / Pension Obligation Bonds	Loans and Notes Payable	Due to Other Agencies	Capital Leases	
1998-99	\$ 1,815,000	\$ 2,665,000	\$ --	\$ 261,263	\$ 118,262	\$ 4,859,525
1999-2000	1,740,000	2,600,000	--	235,957	104,798	4,680,755
2000-01	1,660,000	2,535,000	--	210,651	58,130	4,463,781
2001-02	845,000	2,465,000	112,060	185,345	33,855	3,641,260
2002-03	750,000	2,390,000	101,510	160,039	24,342	3,425,891
2003-04	650,000	--	90,864	134,733	14,031	889,628
2004-05	540,000	--	79,888	109,427	9,556	738,871
2005-06	420,000	4,965,000	68,580	84,121	356,739	5,894,440
2006-07	290,000	4,900,000	56,931	58,815	269,046	5,574,792
2007-08	150,000	4,845,000	44,954	33,512	182,815	5,256,281

Fiscal Year	Business-type Activities			Total Primary Government	Percentage of Assessed Value	Debt Per Capita
	Loans and Notes Payable		Total Business-Type Activities			
1998-99	\$	1,996,301	\$	1,996,301	\$	591
1999-2000		5,316,578		5,316,578		878
2000-01		6,816,457		6,816,457		902
2001-02		5,329,059		5,329,059		730
2002-03		6,038,825		6,038,825		774
2003-04		5,707,941		5,707,941		522
2004-05		5,374,142		5,374,142		476
2005-06		5,035,206		5,035,206		842
2006-07		4,691,134		4,691,134		783
2007-08		4,341,925		4,341,925		723

(1) Amounts listed in this column prior to FY 2003-04 relate to Certificates of Participation debt outstanding.

Sources: Department of Administrative Services, City of Auburn
Auditor-Controller's Office, County of Placer

CITY OF AUBURN
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS



Fiscal Year	Outstanding General Debt						Debt Per Capita
	General Obligation Bonds	Special Assessment Bonds	Pension Obligation Bonds	Total	Percent of Assessed Value	Population	
1998-99	\$ 1,815,000	\$ --	\$ --	\$ 1,815,000	0.198%	11,595	\$ 157
1999-2000	1,740,000	--	--	1,740,000	0.180%	11,391	153
2000-01	1,660,000	--	--	1,660,000	0.158%	12,511	133
2001-02	845,000	--	--	845,000	0.075%	12,287	69
2002-03	750,000	--	--	750,000	0.061%	12,235	61
2003-04	650,000	--	--	650,000	0.049%	12,634	51
2004-05	540,000	--	--	540,000	0.038%	12,849	42
2005-06	420,000	--	4,965,000	420,000	0.027%	12,975	32
2006-07	290,000	--	4,900,000	5,190,000	0.316%	13,112	396
2007-08	150,000	--	4,845,000	4,995,000	0.291%	13,273	376

Source: Auditor-Controllers Office, County of Placer
 Administrative Services Department, City of Auburn

CITY OF AUBURN
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2008

City Assessed Valuation	\$ 1,745,143,900
Auburn Urban Development Authority Incremental Valuation	79,641,798
	<hr/>
Adjusted Assessed Valuation	\$ 1,665,502,102
	<hr/> <hr/>

<u>Overlapping Tax and Assessment Debt:</u>	<u>% Applicable</u>	<u>Outstanding Debt as of 6/30/2007</u>	<u>Estimated Share of Overlapping Debt</u>
Placer Union High School District	14.862%	\$ 39,094,040	\$ 5,810,156
Nevada Irrigation District	0.684%	2,765,000	18,913
		<hr/>	<hr/>
<i>Total Direct and Overlapping Tax and Assessment Debt:</i>		<u>\$ 41,859,040</u>	<u>\$ 5,829,069</u>

<u>Direct and Overlapping General Fund Obligation Debt:</u>			
Placer County General Fund Obligations	3.039%	\$ 55,960,000	\$ 1,700,624
Placer County Office of Education Certificates of Participation	3.039%	2,650,000	80,534
Sierra Joint Community College District General Fund Obligations	2.232%	17,155,000	382,900
Placer Union High School District Certificates of Participation	14.862%	10,225,000	1,519,640
Auburn Union School District Certificates of Participation	42.312%	38,363,580	16,232,398
City of Auburn General Fund Obligations	100.000%	150,000	150,000
City of Auburn Pension Obligations	100.000%	4,845,000	4,845,000
Auburn Area Recreation and Park District Certificates of Participation	32.740%	725,000	237,365
		<hr/>	<hr/>
<i>Total Direct and Overlapping General Fund Obligation Debt:</i>		<u>\$ 130,073,580</u>	<u>\$ 25,148,460</u>
		<hr/> <hr/>	<hr/> <hr/>
<i>Combined Total Debt:</i>		<u>\$ 171,932,620</u>	<u>\$ 30,977,529</u>

Ratios to 2007-08 Assessed Valuation:

Direct Debt (\$0)	0.000%
Total Direct and Overlapping Tax and Assessment Debt.....	0.340%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$4,995,000)	0.300%
Combined Total Debt.....	1.860%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08	\$0
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Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Auburn. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

Source: Auditor-Controller's Office, County of Placer
Administrative Services Department, City of Auburn
California Municipal Statistics

**CITY OF AUBURN
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2008**

<i>Secured Property Assessed Value, net of Exempt Real Property</i>	<u><u>\$ 1,675,530,402</u></u>
 Bonded Debt Limit (3.75% of Assesed Value) (a)	 <u>\$ 62,832,390</u>
<i>Less Debt Subject to Limit:</i>	
Total General Obligation Bonds @ 6/30/2008	\$ (150,000)
Total Pension Obligation Bonds @ 6/30/2008	<u>(4,845,000)</u>
 Legal Debt Margin	 <u><u>\$ 57,837,390</u></u>

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

*Source: Auditor-Controller's Office, County of Placer
Administrative Services Department, City of Auburn*

CITY OF AUBURN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Calendar Year	Population	Taxable Assessed Valuation	Per Capita Taxable Property Values	Average Unemployment Rate
1999	11,595	\$ 915,434,686	\$ 78,951	3.2%
2000	11,391	968,380,519	85,013	2.9%
2001	12,511	1,048,808,626	83,831	3.2%
2002	12,287	1,123,624,319	91,448	3.9%
2003	12,235	1,222,603,155	99,927	4.0%
2004	12,634	1,329,968,151	105,269	3.7%
2005	12,849	1,430,639,424	111,342	3.3%
2006	12,975	1,557,978,133	120,075	3.2%
2007	13,112	1,739,635,788	132,675	3.4%
2008	13,273	1,850,275,254	139,401	4.0%

Note:

Data pertaining to personal income is not readily available, thus the City used taxable assessed values to calculate per capita taxable property values

*Source: Auditor-Controllers Office, County of Placer
Administrative Services Department, City of Auburn
Employment Development Department, State of California*

SCHEDULE XIV

**CITY OF AUBURN
PRINCIPAL EMPLOYERS
2008**

<u>Employer</u>	<u>No. of Employees</u>	<u>Percent of Total Employment</u>
Placer County Water Agency	179	2.11%
Pride Industries	171	2.01%
Coherent	101	1.19%
AT&T	94	1.11%
City of Auburn	93	1.09%
United States Post Office	91	1.07%
Auburn Journal	90	1.06%
Gottschalks	85	1.00%
Auburn Placer Disposal	80	0.94%
Nella Oil Company	75	0.88%

Note:

Data pertaining to principal employers for nine years ago is not readily available.

*Source: Auburn Area Chamber of Commerce
Employment Development Department, State of California*

CITY OF AUBURN
FULL-TIME AND PART-TIME CITY EMPLOYEES
LAST TEN FISCAL YEARS

	Full-Time and Part-Time Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
City Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
City Manager's Office	2.0	2.0	3.0	3.0	3.0	3.0	2.0	2.0	1.5	1.0
City Clerk's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance / Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	4.8	5.0	8.0	6.0
Community Development	7.0	7.0	8.5	9.0	9.0	9.0	9.5	12.0	10.0	8.0
Police Department	31.0	32.5	31.5	33.5	33.5	33.5	32.5	35.5	36.5	36.0
Fire Department	13.8	11.8	14.8	14.8	13.0	13.0	13.0	14.5	13.0	13.0
Public Works	19.5	21.5	24.0	25.5	25.0	25.5	25.5	26.0	27.0	21.5
Airport	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Total Full-Time Equivalent Employees:	85.3	86.8	94.8	98.8	96.5	97.0	95.3	103.0	104.0	92.5

Source: Administrative Services Department, City of Auburn

SCHEDULE XVI

**CITY OF AUBURN
OPERATING INDICATORS
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
AUBURN AIRPORT:					
Tie-downs per year	1,086	1,050	978	1,020	1,044
Hanger rentals per year	95	96	97	120	88
Gallons of fuel sold per year	271,000	194,000	155,000	249,094	211,992
ENVIRONMENT AND UTILITIES:					
Gallons of wastewater treated per year (in millions)	477	602	628	530	451
FIRE:					
Fires per year	109	130	82	80	210
Emergency medical calls per year	887	995	1,013	1,093	1,106
Hazardous materials incidents per year	24	26	34	27	20
Non-emergency service calls per year	134	176	229	295	251
POLICE:					
911 calls per year	3,056	2,966	2,910	2,819	2,666
Cases investigated per year	5,243	3,973	4,100	4,271	5,172
Arrests per year	975	847	886	1,164	1,160
BUILDING PERMITS:					
Building permits issues per year	580	635	599	596	590
New building and alteration valuation	\$ 27,882,769	\$ 45,634,211	\$ 33,298,065	\$ 25,330,689	\$ 14,450,089

Note:

As certain data required by GASB 44 was not readily available prior to FY 2001-02, the City of Auburn has elected to show five years of data in this schedule.

Source: City of Auburn

**CITY OF AUBURN
CAPITAL ASSET STATISTICS
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
AUBURN AIRPORT:					
Terminals (Airport Management Building)	1	1	1	1	1
Runways	1	1	1	1	1
Airport hangers	81	81	81	81	81
ENVIRONMENT AND UTILITIES:					
Miles of municipal sewer mains	61	62	62	62	62
Maximum daily capacity (gallons per day)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
FIRE:					
Full-time staffed stations	1	1	1	1	1
Volunteer stations	2	2	2	2	2
POLICE:					
Stations	1	1	1	1	1
Vehicles and motorcycles	24	25	27	27	27
COMMUNITY DEVELOPMENT:					
Miles of municipal roadways	62	62	62	62	62
Pocket park sites	10	10	10	10	10

Note:

As certain data required by GASB 44 was not readily available prior to FY 2001-02, the City of Auburn has elected to show five years of data in this schedule.

Source: City of Auburn